



**BM&F BOVESPA**

*The New Exchange*

# YOUR FUTURE WELL INVESTED

Annual Report 2013

## Message from the Board of Directors <sup>1.1</sup>

**Pedro Parente**  
Chairman of the Board of Directors

## Message from the CEO <sup>1.1</sup>

**Edemir Pinto**  
Chief Executive Officer

### CONFIDENCE AND INNOVATION

In 2013 uncertainty about the global economic outlook persisted and there was unprecedented turbulence on the home front toward the end of the first half. Peaceful protests organized via social networks multiplied on the streets and in the headlines, although at times a small number of demonstrators unfortunately overstepped the bounds of socially responsible behavior. The findings of many opinion surveys conducted during the year showed that an overwhelming majority of Brazilians disapproved of the excesses committed by this minority.

The relative pessimism about Brazil that took hold of the markets at that time did not contaminate BM&FBOVESPA, which has weathered storms of all kinds during its more than 100 years of history. On the contrary, our company's confidence in Brazil emerged far stronger from the episode. Demonstrating the maturity of the nation's system of government, the democratic institutions constructed in the past several decades ensured that the tide of protest soon returned within the limits of socially acceptable behavior.

The Exchange proceeded with its plan to invest more than R\$1 billion. This is the largest investment plan in its history and will result in an even more solid and competitive company. The markets will gain in security and reliability. In addition to the world-class infrastructure we are building and delivering to the markets, BM&FBOVESPA reinforced its commitment to innovation and quality in customer service.

We launched new products and strengthened our market development actions, a hallmark of the Exchange. We participated actively in the creation of the Mergers & Acquisitions Committee (CAF), Brazil's takeover panel, set up with the support of the World Bank. In addition, we worked with the government to lay the foundations for an important access market that will enable small and medium enterprises to raise funds through public offerings on the Exchange.

Another manifestation of our long-term vision was the implementation of BM&FBOVESPA's Sustainability Policy, aligned with the company's strategic principles. Its structure is divided into four lines: environment, corporate governance, market, and social. The policy approved by the Board of Directors formalizes the guidelines for the activities conducted for a long time by the company, which has been a pioneer in this area: it was the first exchange to sign up to the UN Global Compact, participate in the Global Reporting Initiative (GRI), and commit to the Principles for Responsible Investment (PRI). Since 2011 we have published annual reports containing both financial and non-financial information in equal measure.

Our partnership with the federal administration enabled BM&FBOVESPA to host new auctions of road and airport concessions, which will drive investment growth and develop the nation's infrastructure. These events are eloquent demonstrations of the contribution the capital markets can make to the development of Brazil and the improvement of the lives of all Brazilians through the trust deposited in them by institutions and through financial innovation.

Finally, despite the more challenging business environment experienced at the end of 2013 based on the local and international macroeconomic data BM&FBOVESPA is strongly positioned to capture the opportunities that arise. Moreover, we believe that investment in products and technologies is a key factor in growing and diversifying the Exchange's revenue streams, enhancing the quality of the services provided, and consolidating the efficiency and solidity of the Brazilian capital markets.

We are confident that the development of BM&FBOVESPA's strategic plan will continue to bear fruit in the years ahead, strengthening the Exchange and the nation.

**Pedro Parente**  
Chairman of the Board of Directors

### OUR PASSION FOR OUR CUSTOMERS

Our greatest passion is doing the best for our customers. In 2013 this commitment was present in actions by BM&FBOVESPA that will literally change history.

For the first time in 45 years the Exchange implemented an enhancement to its best known index, the Ibovespa, which is the benchmark index for the Brazilian capital markets. With this change the index more accurately reflects the portfolio of the most relevant companies listed on BM&FBOVESPA, among other advantages. The enhancements were made to its methodology after long reflection and consultation of market participants, specialists and academics, in a complex process characteristic of adjustments of this magnitude.

In 2014 the markets will begin to enjoy the benefits of clearinghouse integration and of CORE, the new unified risk management system, innovations that constitute watersheds in the world's exchange industry. In 2013 BM&FBOVESPA successfully delivered the equities module of the PUMA Trading System, an integrated trading platform developed in partnership with CME Group. In this way the Exchange is distributing the benefits of its very substantial investment plan throughout the segments in which it operates, and building up market reliability, security and solidity. Through its products, such as the Ibovespa, and its infrastructure, in the shape of PUMA and clearinghouse integration, the Exchange is also helping to promote the liquidity of the assets traded in its environments.

BM&FBOVESPA also achieved significant progress in market development. In collaboration with other entities it launched the Mergers & Acquisitions Committee (CAF), Brazil's takeover panel, based on voluntary affiliation. To this innovation it added the announcement of a series of measures to attract investment in small and medium enterprises, as part of a project in which government participation has been highly important.

These initiatives will transform the market in the long term. The seeds planted by the Exchange in past years are bearing fruit. IPOs resumed in 2013, for example, despite the adverse conditions prevailing at home and abroad, and trading volume in the equity segment set a new historical record. The actions we are taking now, such as implementation of a single integrated clearinghouse, investment in PUMA and the access market for SMEs, are creating a springboard for the Exchange to take further qualitative leaps in the near future.

As planned, in 2013 BM&FBOVESPA implemented its Sustainability Policy, which applies to all employees, interns and other internal and external stakeholders. Our firm commitment to sustainability and the encouragement of best practice in this area has a long track record. Since 2011 we have published integrated annual reports simultaneously containing financial and non-financial disclosures. We became a signatory to the UN Global Compact in 2004 and we were the first exchange in an emerging country to commit officially to the Principles for Responsible Investment (PRI), a UN initiative led by institutional investors, and to participate in the Global Reporting Initiative (GRI).

On various fronts and in the various segments of its production chain, the Exchange strives to develop and improve the markets it manages, so that the company can fully perform its mission of contributing to the development of Brazil and of the nation's business organizations.

With the aim of always doing the best, BM&FBOVESPA also made changes to its organizational structure, which now has two departments dedicated exclusively to improving the quality of the services provided and building stronger relationships with customers.

**Edemir Pinto**  
Chief Executive Officer



**BM&F BOVESPA**

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# YOUR FUTURE WELL INVESTED

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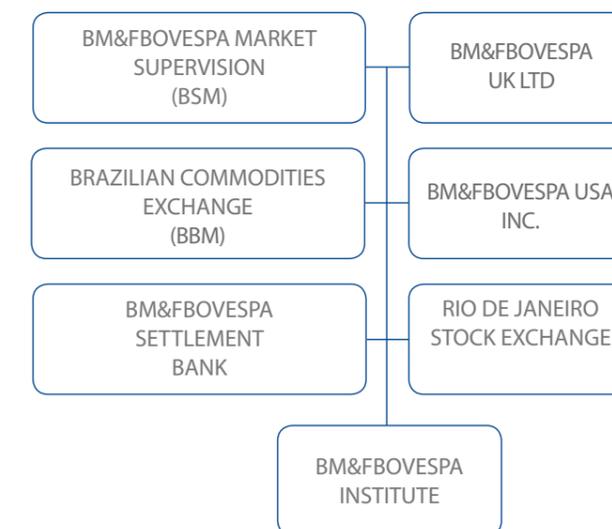
## BM&FBOVESPA: one of the world's largest exchanges

Bolsa de Valores, Mercadorias e Futuros S.A. – BM&FBOVESPA S.A. is a public company. Its stock trades under ticker symbol BVMF3 on Novo Mercado, a special listing segment for companies committed to best practice in corporate governance. BVMF3 is also tracked by the Ibovespa, IBRX-50, IBRX and ITAG indexes, among others. [2.1](#) | [2.6](#)

Headquartered in the city of São Paulo, the company has representative offices in the United States (New York), United Kingdom (London) and China (Shanghai) to support local market participants and prospect for potential investors. [2.4](#) | [2.5](#)

### Group companies 2.3

The group's corporate structure is currently as follows:



### Excellence and global benchmark

BM&FBOVESPA's prime objectives are managing organized markets for the trading of stocks, bonds and derivatives, as well as providing registration, clearing and settlement services, and above all acting as central counterparty to guarantee cash settlement of all transactions performed in its environments.

The company offers a range of products and services, including environments for trading in stocks, bonds, spot foreign exchange, equity derivatives, financial

assets, indexes, rates, agricultural commodities and spot currencies, among others. It lists companies and other issuers of securities, acts as a central securities depository, manages securities lending transactions, and licenses software.

BM&FBOVESPA has a diversified and integrated business model, offering a complete custody system. Transactions are processed in an exclusively electronic environment, enabling clients to buy and sell stocks, transfer market risk via hedging, arbitrage prices between markets and/or assets, diversify and allocate investments, and leverage positions.

The company's globalization strategy to expand market access is implemented via a partnership with CME Group and permanent dialogue with exchanges in Asia and other Latin American countries.

**BM&FBOVESPA Market Supervision (BSM)**

BSM is a civil association set up to oversee the operations of BM&FBOVESPA and its participants in accordance with CVM Instruction 461/2007. It is not consolidated in the company's financial statements.

**Brazilian Commodities Exchange (BBM)**

BM&FBOVESPA is the holder of 203 membership shares in BBM, representing an equity interest of 50.12%. BBM is a non-profit civil association whose objectives are to develop and operate systems for the trading of commodities, goods, services and securities in the cash, forward and futures modalities with a view to forming a nationwide market for agricultural commodities with modern price formation mechanisms and an organized commercial system.

**BM&FBOVESPA Settlement Bank**

BM&FBOVESPA Settlement Bank, set up in 2004 as a wholly-owned subsidiary of BM&F, facilitates the clearing and cash settlement of transactions performed in its trading environments and functions as an important risk mitigation and operational support mechanism.

**BM&FBOVESPA USA Inc.**

A wholly-owned subsidiary headquartered in New York with a representative office in Shanghai. Its mission is to represent BM&FBOVESPA abroad through re-

lationships with other exchanges and regulatory bodies, as well as helping to prospect for new clients and disseminating information on the Brazilian market.

**BM&FBOVESPA UK LTD**

A wholly-owned subsidiary headquartered in London. The office was opened in 2009 and since then has promoted the Exchange and its markets, products and services to institutional investors in the Europe, Middle East and Africa region (EMEA). The office is responsible for BM&FBOVESPA's relations with regulators, governments and exchanges in the region, as well as helping to prospect for new clients.

**Rio de Janeiro Stock Exchange (BVRJ)**

BVRJ is an inactive stock exchange. BM&FBOVESPA holds 99 membership shares in BVRJ, representing an equity interest of 86.09%. Since 2004 it has let out part of the physical space in its headquarters for the holding of events.

**BM&FBOVESPA Institute**

A public-interest civil society organization created in 2007 for the purpose of integrating and coordinating the company's social investment projects. Not consolidated in the company's financial statements.

**Encouraging best practice**

By sharing and disseminating values such as corporate governance, a commitment to business sustainability and management excellence, which differentiate Brazilian companies and attract investors from all parts of the world, the Exchange strives to increase the liquidity of the stock issued by listed companies.

The launch of the Exchange's new electronic platform has increased its technological and trading capacity. Together with other initiatives, this significant enhancement will contribute to the growth of its market participants and the expansion of investment in the Brazilian economy.

The company maintains its commitment to the principles of transparency and ethics consolidated by its special listing segments for issuers with high standards of corporate governance (Novo Mercado, Level 1, Level 2).

Social investment focusing on community development is also a priority for BM&FBOVESPA as a signatory to the United Nations Global Compact, a strategic policy initiative for businesses around the world to promote sustainable global economic growth by supporting ten internationally accepted principles in the areas of human rights, labor relations, the environment and anti-corruption.

In line with this strong commitment BM&FBOVESPA seeks to embed the concept of sustainability in its products and services, involving all business areas of the company. An example of this policy of inducing best practice is the development of "green" indicators such as the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2).

Reaffirming the strategic importance of this theme, the company has implemented a Sustainability Policy approved by the Board of Directors and structured into four pillars — market, environmental, social, and corporate governance. The policy applies to all employees, interns, trainees and other staff of BM&FBOVESPA, as well as its stakeholders.

As the only exchange in operation in Brazil, BM&FBOVESPA recognizes its duty to raise public awareness of the importance of saving and investing for the long term. Its financial education programs serve this purpose by encouraging greater self-provision.

BM&FBOVESPA had 1, 430 employees and 89 trainees in 2013. The company's market value was R\$21.8 billion on December 31. There were no changes in its size, structure or equity ownership during the year. **2.9**

**Recognition of transparency and efficiency 2.10**

**Transparency Trophy**

In 2013, for the fifth consecutive year, BM&FBOVESPA was awarded the Transparency Trophy in the category Public Companies with Annual Sales of up to R\$5 Billion by the National Association of Finance, Administration & Accounting Executives (Anefac), the Accounting, Actuarial & Financial Research Institute Foundation (Fipecafi) and Serasa Experian. In addition to ranking among the 20 most transparent companies in the Brazilian economy, the Exchange was elected Best in Category by Anefac.

**Best Investor Relations by a Latin American Company in the US Market 2.10**

In the IR Magazine Awards – US 2013, BM&FBOVESPA won the award for Best IR by a Latin American Company in the US Market. Announced at a ceremony in New York, the award winners are chosen after extensive research involving various media, as well as interviews with investors and analysts from the international community. Transparency and independence are hallmarks throughout the process, enhancing the credibility and prestige of these awards.

**Best Companies for Shareholders**

For the fourth consecutive year BM&FBOVESPA won the Best Company for Shareholders prize in the category Corporate Governance awarded by Capital Aberto magazine.

**Exchange of the Year**

For the second year running, BM&FBOVESPA has received the Exchange of the Year Award for South America, in the category of Exchanges and CCPs, given by the Futures & Options World (FOW) magazine.

This year, FOW International Awards recognition went to the industry's best in derivatives and risk management, which have innovated and invested in spite of the economic downturn.

# STRATEGIES AND RISK MANAGEMENT 1.2

## BM&FBOVESPA: security, robustness and transparency

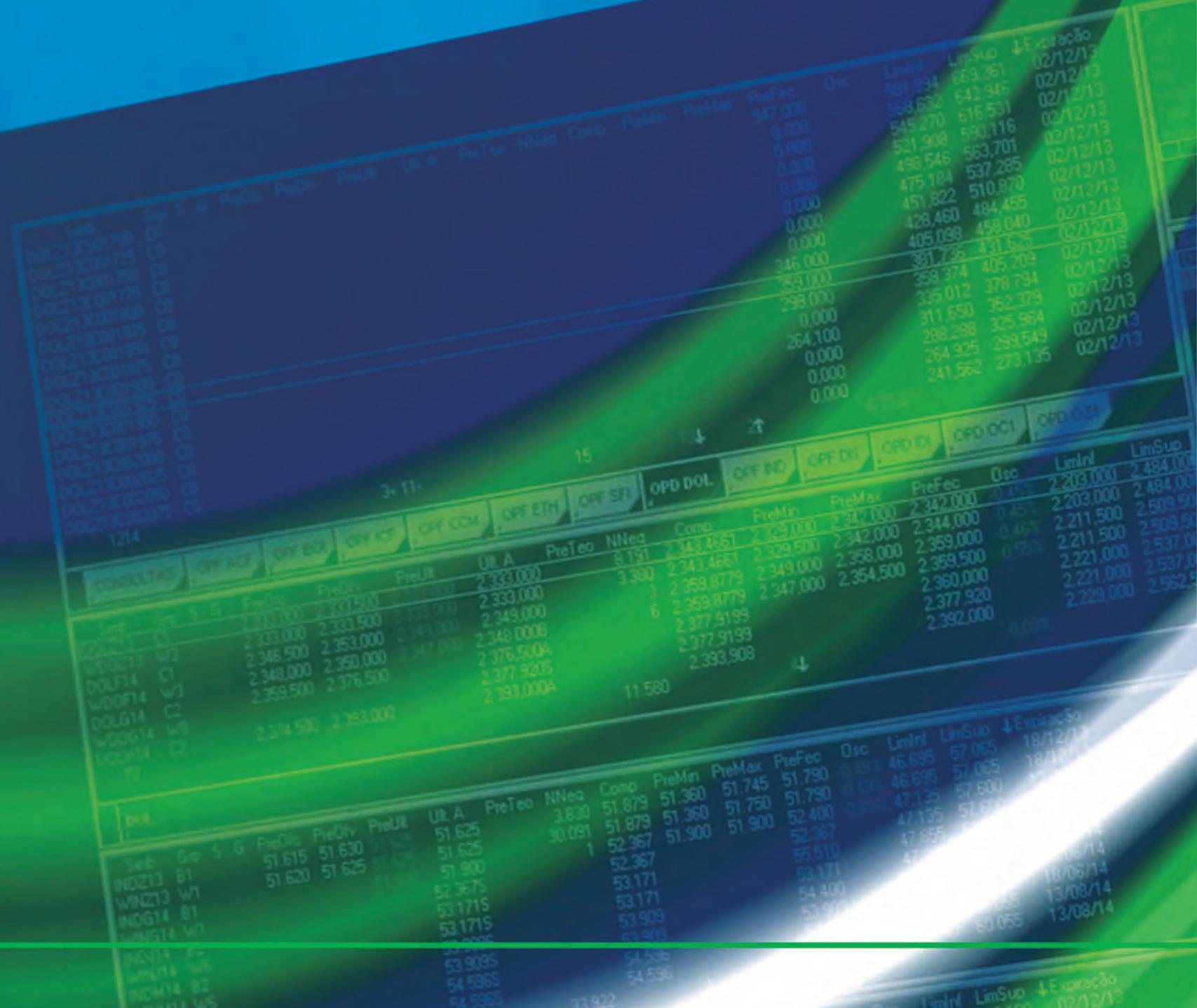
In 2013, in line with the tendency seen in recent years, BM&FBOVESPA reaffirmed its commitment to invest heavily to upgrade its technology infrastructure and increase operational efficiency.

At the same time the company worked on internal initiatives, focusing on cutting operating costs, growing and diversifying revenue, and increasing the efficiency of its risk management system. It also unremittingly pursued continuous process improvement.

BM&FBOVESPA launched strategic initiatives such as the announcement of changes to the methodology for calculating the Bovespa Index (Ibovespa) so that it more accurately reflects the performance of the Brazilian capital markets, and proposals for its listing segments as part of a broad discussion with governmental and private entities to facilitate IPOs by small and medium enterprises.

In 2013 the company also changed its pricing policy with the aim of making it more efficient for all segments. The main changes were in pricing for the cash equity market (rebalancing between trading and post-trading fees for institutional investors and day traders; an increased per-volume discount for day traders; and a graded reduction in trading fees per global volume band) and for the fixed-income market (reductions in the public offering registration analysis fee, the permanence, custody and account maintenance fees, and the trading fee for new fixed-income security issues).

In 2013 BM&FBOVESPA approved its Sustainability Policy, with a structure divided into four pillars of action: environmental, corporate governance, market, and social, maintaining its commitment to develop a growing array of initiatives that positively differentiate the company.



BM&FBOVESPA reaffirms its 2014 adjusted expense budget of between R\$595 million and R\$615 million, and its 2014 investment budget of between R\$230 million and R\$260 million. In 2015 the budget is expected to be between R\$190 million and R\$220 million.

Part of this investment will result, among other things, in the implementation of the project to integrate the four existing clearinghouses (equities, derivatives, foreign exchange and other assets, especially bonds) into a new, highly secure and robust unified platform based on a faster data processing architecture with the capacity to handle more than 10 million orders per day and calculate risk in real time. This efficiency will further strengthen BM&FBOVESPA's strategic position, as well as fostering market growth and sophistication. Furthermore, the new risk management model (CORE, short for Close Out Risk Evaluation) has the potential to become the new international benchmark in central counterparty risk management.

Finally, in 2013 BM&FBOVESPA continued to focus on controlling expenses and on its commitment to guarantee shareholders a return on capital, using most of the cash generated from operations to distribute dividends and buy back shares.

## Technological innovation

The success of BM&FBOVESPA's activities depends on constant enhancement, on the integration of its trading and post-trading platforms, and on the flexibility to create solutions and respond to its customers' requirements. The prime goal of the company's investment in cutting-edge technology is high performance, assuring security, speed and cost effectiveness for market participants.

## Market security and efficiency

BM&FBOVESPA has a diversified and vertically integrated business model encompassing trading and post-trading of equities, derivatives and other securities.

Another factor that differentiates the company in its commitment to excellence is constant investment in the following:

- **Self-regulation and market supervision** – Through BM&FBOVESPA Market Supervision (BSM), an independent organization that acts as an ancillary arm of CVM, Brazil's securities and exchange commission, in the sphere of securities market surveillance, the Exchange promotes regulation and assures the proper functioning of the markets and participants, bolstering market integrity and investor protection.
- BSM is also responsible for the Operational Qualification Program (PQO), which certifies the quality of the services provided by brokerage houses, encompassing customer registration, order execution, settlement, risk management, information security and business continuity.
- **Issuer relationships, promotion and supervision** – BM&FBOVESPA constantly invests in the maintenance and development of a favorable environment for companies to raise funds. The total number of companies currently listed on all special corporate governance segments is 195, of which 134 are listed on Novo Mercado.
- **International promotion of its markets** – As part of its commitment to develop the markets, BM&FBOVESPA actively participates in a range of

initiatives designed to promote local markets internationally, such as BRAiN – Brasil Investimentos e Negócios, an institution created to coordinate and promote Brazil as Latin America's main global investment and business hub.

- **Social and environmental promotion activities** – The Exchange has a long tradition of social investment through the BM&FBOVESPA Institute. It also sponsors a number of initiatives with the aim of encouraging listed companies to place sustainability on their business agendas. These include the Report or Explain recommendation that listed companies state in the Reference Form whether they publish a regular sustainability report and if not, why not. Projects include the BM&FBOVESPA Athletics Club, the Job Training Association, and the Socio-Environmental Investment Exchange (BVSA).

## Strategic drivers

In 2014 BM&FBOVESPA's strategy will focus on projects to grow and diversify revenue; assure operational excellence by continuously improving systems and processes, especially in risk management; strengthen relations with investors, brokerage houses and issuers by offering high-quality services and products; and further enhance its already high standards of self-regulation.

Grounded in the premise of strengthening existing products and services and developing new solutions with high growth potential, the company aims to expand its new issuer motivation and prospecting activities; encourage companies to raise capital by listing on the Bovespa Mais access segment; extend access to new types of investors by launching prod-

ucts and services with a global reach; bolster the liquidity of commodity derivatives; and dynamize the organized over-the-counter market.

## Products and services

The Exchange believes strongly in the development and growing sophistication of the Brazilian capital markets and their participants. For this reason it has introduced new products and services and pursued greater liquidity for existing products.

Some products and services have already displayed strong growth in 2013, such as Agribusiness Credit Notes (LCAs), Real Estate Investment Funds (FILs) and securities lending. Others promise development in 2014, including fixed-income and international index ETFs.

The company will also continue to improve the securities lending service in 2014 in terms of tax treatment and the efficiency of the settlement process for these transactions. The service will remain superior to those of other countries inasmuch as BM&FBOVESPA acts as counterparty to and guarantees all securities lending transactions.

Another product line is the cross-listing of products licensed by other exchanges, especially derivatives. In 2013 the Exchange launched the Mini Crude Oil Futures Contract (WTI) Based on CME Group Light Sweet Crude Oil Futures.

## Risk management

The Exchange is a global benchmark in risk and collateral management, currently administering four clearinghouses (for equities and fixed income, deriva-



The integration of BM&FBOVESPA's post-trading services will result in enhanced operating efficiency and numerous benefits for participants, such as organization of the post-trading environment by type of process instead of type of product; rationalization and standardization of rules, processes, requirements and documentation; the establishment of a single settlement window for all markets

(equities, derivatives, fixed income and foreign exchange), so that credit and debit balances can be totally or partially offset for multilateral netting purposes; the development of an integrated risk model and a single collateral pool; and complete modernization and simplification of the technology infrastructure. Migration of the processes for derivatives registration, clearing and settlement to the new single clearinghouse structure is scheduled for first-half 2014. Once this first stage is completed, migration of the equities clearinghouse will begin.

## CME GROUP and BM&FBOVESPA PUMA Trading System

In parallel with the clearinghouse integration project, in 2013 equities and equity derivatives trading migrated to the BM&FBOVESPA PUMA Trading System, a multi-asset electronic trading platform developed in partnership with CME Group.

Adapted to the characteristics of the Brazilian market and the needs of participants, the system presents low latency and high performance, with a round trip time (RTT) of less than 1 millisecond.



In 2013 BM&FBOVESPA began registering over-the-counter derivatives trades with iBalcão, its new OTC system. The first derivative available for registration is the Non-Deliverable Foreign Exchange Forward without the guarantee feature. In 2014 BM&FBOVESPA will add a new registration module to this platform, offering flexibility and speed to participants in the OTC market.



The new data center, scheduled for completion in first-half 2014, will unify the company's main data centers in a scalable environment that will support the growth of its business in the years ahead, as well as mitigating risks and improving the availability and operational security of its technology infrastructure.

# STRATEGIES AND RISK MANAGEMENT

tives, foreign exchange, and other assets) considered systemically important by the Central Bank of Brazil. These clearinghouses act as the central counterparty (CCP) for all trades executed via their systems.

The clearinghouses have an advanced risk management structure that stands out among the similar models operated in various countries.

## Central counterparty

Through its clearinghouses BM&FBOVESPA acts as central counterparty to all trades in the equity market (cash, forwards, options, futures, securities lending), derivatives market (futures, forwards, options, swaps), foreign-exchange market (spot dollar), government bond market (cash, forwards, repos, loans) and corporate bond market (cash, loans).

By acting as central counterparty, the Exchange assumes responsibility for the settlement of transactions executed through its systems and/or registered with them. As such it intermediates between the parties to each transaction, acting as buyer to all sellers and seller to all buyers for settlement purposes.

Thus if participants fail to discharge their obligations to the clearinghouses, by not making payments on time or not delivering assets, for example, BM&FBOVESPA must activate safeguards and ultimately have recourse to its own funds. To manage the risks inherent in this function, the CCP focuses on calculating, controlling and mitigating its credit-risk exposure to participants.

## Risk calculation and individualized collateral requirements

Risk control follows a specific methodology for each market. Risk is calculated using a stress testing model in quasi-real time (several times during the day), and additional collateral or margin deposits are required whenever necessary.

Risk calculation and collateral requirements are individualized for each beneficiary owner. Collateral is posted to custody accounts managed by the clearinghouses themselves, and beneficiary owners' accounts are completely and effectively segregated from each other.

BM&FBOVESPA's clearinghouses have accounts with the Central Bank of Brazil for the settlement of all transactions executed, avoiding exposure to commercial bank credit risk.

## Safeguards

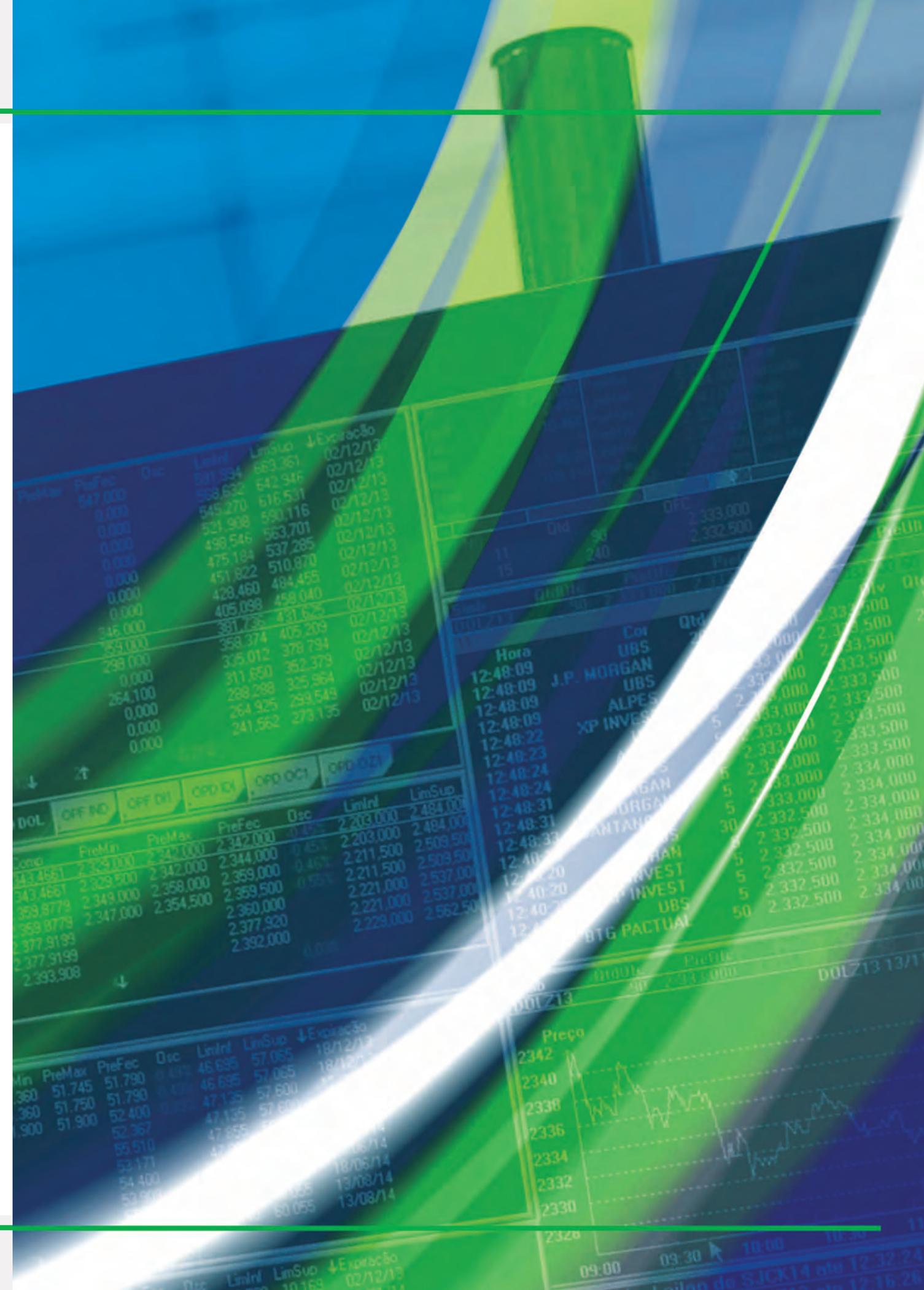
To assure adequate mitigation of the risks assumed, each of BM&FBOVESPA's clearinghouses has its own risk management system and its own safeguards – resources and mechanisms that can be used to cover losses relating to settlement failure by one or more participants, such as the collateral pledged by market participants, generally in the form of margin deposits, funds specifically set up for this purpose, special assets, and co-responsibility for settlement assumed by brokerage houses and clearing members or agents.

BM&FBOVESPA's equities and derivatives clearinghouses are responsible for settlement and risk management relating to approximately 85% and 90% of the total Latin American equity and derivatives markets respectively.

On December 31, 2013, the collateral pledged by participants totaled R\$214.4 billion.

## Regulation and supervision

BM&FBOVESPA's clearinghouses have a robust regulation and supervision structure based on exchange self-regulation, on constant assessment and supervision of its risk management and settlement models by the Central Bank of Brazil, and on CVM's supervision of the securities markets, including derivatives.



# ABOUT THIS REPORT **3.5**

## BM&FBOVESPA: constantly updating and enhancing its indicators

This annual report details the performance of BM&FBOVESPA and all operations conducted between January 1 and December 31, 2013, at its head offices in São Paulo, Brazil. The previous report was published in 2012 and referred to the company's operations in 2012. [3.1](#) | [3.2](#) | [3.3](#) | [3.6](#) | [3.8](#)

The consolidated financial statements were prepared and are presented in accordance with International Financial Reporting Standards (IFRS), applied to the 2013 annual balance sheet and retroactively to the previous year in order to permit comparisons between the two periods. [3.9](#)

No significant restatements or changes have been made with regard to 2012 that influence the comparability of the data and information provided in previous reports. Similarly, there have been no significant changes in the size and structure of the company or its capital structure, and no specific restrictions have been made to the scope, boundaries or measurement methods used. [3.7](#) | [3.10](#) | [3.11](#)

This is the fifth consecutive annual report published by BM&FBOVESPA in accordance with Global Reporting Initiative guidelines (GRI 3.1), to comply with Level C requirements.

BM&FBOVESPA has not tested the contents of this Annual Report for materiality. However, this publication presents the key data and information gleaned from all areas of the company. It presents information on relations with all stakeholder groups, including employees, contractors, suppliers, market participants, shareholders, government and regulators, among others. [3.5](#) | [3.9](#)

For computing and updating of indicators, the production of this Annual Report was supported by a firm of communication consultants, especially with regard to social and environmental themes, and reviewed by BM&FBOVESPA's Sustainability Committee and Executive Board.

## ABOUT THIS REPORT

The financial statements were audited by Ernst & Young Terco Auditores Independentes S.S., replacing PricewaterhouseCoopers Auditores Independentes in compliance with article 31 of CVM Instruction 308/99, as amended by CVM Instruction 509/11, which requires auditor rotation. Although auditor rotation is mandatory only every ten years, the company prefers five-year rotation as more in line with best practice in corporate governance, and therefore engaged a new audit firm for FY 2013. [3.13](#)

The 2013 Annual Report will remain available online on the BM&FBOVESPA website ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)) and has been printed only in a summarized version on certified paper with vegetable oil-based ink to minimize the environmental impact of this publication.

The GRI Content Index is on page 154. [3.12](#)

For more information about this report, contact Investor Relations at the email address [ri@bmfbovespa.com.br](mailto:ri@bmfbovespa.com.br). [3.4](#)



# CORPORATE GOVERNANCE 4.1

BM&FBOVESPA: transparent management, disciplined regulatory environment and respect for shareholder rights

## Governance structure

BM&FBOVESPA seeks constantly to enhance corporate governance, adopting best practices and assuring the alignment of interests between the company, its top management, its minority shareholders, market participants, and other stakeholders.

Respect for best practice in corporate governance is all the more imperative for the company's long-term success in light of its widely dispersed equity ownership structure and its institutional responsibility to the development of the markets it manages.

Reflecting its commitment to ethics and efficiency, in 2013 BM&FBOVESPA once again won the Transparency Trophy and a Best Companies for Shareholders Award in the category Corporate Governance, as well as winning the IR Magazine Award for Best IR by a Latin American Company in the US Market.

Transparent management, a disciplined regulatory environment and respect for the rights of shareholders maximize value creation by the company and provide related parties with elements for informed strategic decision making.

## General and Extraordinary Shareholder Meetings 4.4

Meetings of the company's shareholders are convened at least two weeks in advance for the first call and one week in advance for the second call.

In addition to the powers established by law or by the company's articles of incorporation and bylaws, extraordinary shareholder meetings are empowered, among other things, to decide on the appropriation of annual earnings and their distribution to shareholders; approve grants of incentive stock options or the issuance of stock to executives and employees of the company and its subsidiaries and affiliates.

To facilitate and encourage participation in shareholder meetings, BM&FBOVESPA allows electronic proxy voting and authorizes some of its executive officers to receive proxy forms with specific instructions to vote on items of business. In addition, the company's website provides channels for contact via the Ombudsman ([www.bmfbovespa.com.br/ombudsman](http://www.bmfbovespa.com.br/ombudsman)), which compiles data and information for review by the Executive Board and Board of Directors at the end of each quarter, and a Contact IR channel available via the Investor Relations portal (<http://ri.bmfbovespa.com.br>).

Employees are offered regular opportunities to express their opinions through the organizational climate survey ("Opinião de Valor"). In addition, employee-related decisions, findings and recommendations are frequently submitted to the Board of Directors.

## Board of Directors

BM&FBOVESPA is governed by a Board of Directors and an Executive Board. The members of the Board of Directors are elected by the Annual General Meeting of Shareholders (AGM). The Board of Directors then appoints the members of the Executive Board. All members of both Boards serve two-year terms. According to the company's bylaws, no member of the Board of Directors may be appointed to the Executive Board or those of its subsidiaries and affiliates. 4.2

The Board of Directors has 11 members, six of whom are independent. All members serve concurrent two-year terms and can be re-elected. This body is responsible for setting and enforcing global strategies, overseeing the system of internal controls, including approval and enforcement of the annual budget, convening general meetings, presenting proposals on the appropriation of annual earnings, appointing, dismissing and monitoring executive directors, and choosing independent auditors. 4.3

The Board of Directors holds regular meetings every two months but can be convened whenever necessary. In 2013 it met 18 times.

In 2013 the Annual General Meeting elected a new Board of Directors. Pedro Pullen Parente was elected to succeed Armínio Fraga Neto as Chairman of the Board.

The new members of the Board are Alfredo Antônio Lima de Menezes, André Santos Esteves, José de Menezes Berenguer Neto, Luiz Fernando Figueiredo and Luiz Nelson Guedes de Carvalho. Five members were re-elected: Candido Botelho Bracher, Charles Peter Carey, Claudio Luiz da Silva Haddad, José Roberto Mendonça de Barros and Marcelo Fernandez Trindade.

All members of the Board are experts in economics, finance, environmental management and social investment. Their remuneration and that of the Executive

Board, which are established by the Compensation Committee, includes fixed and variable components as well as long-term incentives, currently consisting of the Stock Options Program approved by the AGM.

Each year the Chairman conducts a formal assessment of the Board of Directors as a body, analyzing its strategic focus, decision-making process, motivation and alignment of interests, among other items.

## Advisory Committees to the Board of Directors

The Audit Committee, Governance & Nomination Committee, Compensation Committee and Risk Committee report to the Board of Directors in an advisory capacity. Their members serve two-year terms.

**Audit Committee** – Evaluates and approves the structure of internal controls, and the internal and external auditing processes, including nomination of the independent audit firm; examines the financial statements and quarterly financial reports. Five members.

**Governance & Nomination Committee** – Develops corporate governance, evaluates the adoption of best practices, and selects and nominates candidates to the Board of Directors and Executive Board. Three board members, two of whom are independent.

**Compensation Committee** – Reviews, proposes and oversees adjustments to the parameters, guidelines

and policy for compensation and benefits to be assigned to top management, committee members and other advisory bodies. Also acts as an advisory body on improvements to the personnel management model. Three board members, two of whom are independent.

**Risk Committee** – Analyzes and monitors market, liquidity, credit and systemic risks in the markets managed by the company, with a strategic and structural focus. Four board members.

**Securities Intermediation Industry Committee** – Assesses the problems affecting intermediary institutions that participate in the markets managed by BM&FBOVESPA and takes suggestions to the Board, with the objective of helping to strengthen these institutions.

More information on the Board of Directors and its committees can be found in the Corporate Governance section of the Investor Relations portal (<http://ri.bmfbovespa.com.br>) > Corporate Governance).

## Executive Board

Appointed by the Board of Directors, BM&FBOVESPA's Executive Board consists of the Chief Executive Officer and four other executives.

The Executive Board executes the strategic guidelines established by the Board of Directors and monitors



the results. It also establishes guidelines of its own for BM&FBOVESPA's operational, socio-economic and sustainability-related activities, as well as performing within its remit all the activities necessary for the organization to function properly.

The company also has a number of committees that assist and advise the Chief Executive Officer, including committees representing agribusiness, the capital markets and other important sectors, the Committee to Enhance Intermediation, the Listing Committee, the Regulations Committee, the Operational Qualification Program Certification Committee, the Market Risk Technical Committee, the Credit Risk Technical Committee, the Corporative Risk Advisory Committee, the Index Committee, and the Sustainability Committee. The members and remits of these committees are available from the company's website ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), in BM&FBOVESPA, Publications).

## Business drivers 4.8

BM&FBOVESPA has been undergoing changes and seeking to identify internally what defines it as an organization, its purposes and aspirations. The Mission Statement, Vision and Values are being drafted.

Aspects relating to economic, social and environmental responsibility grounded in the concept of sustainability are constantly evaluated so that they can be integrated into the management of the company's business.

BM&FBOVESPA permanently pursues opportunities to broaden the perspectives for its actions. As a company it is committed to socio-environmental responsibility, as evidenced by its participation in initiatives such as the UN Global Compact, to which it was the first exchange in the world to become a signatory. It is also a member of the Carbon Disclosure Project's Technical Advisory Council and ranked among the top ten companies in the categories Disclosure and Performance in CDP's 2012 Brazil report. 4.9

BM&FBOVESPA was the first exchange in any emerging-market country to sign up to the Principles for Responsible Investment (PRI), a UN initiative involving large asset managers and other financial market agents. As a signatory the exchange not only seeks to encourage other investors to join the PRI but also recommends that the companies listed on its equity

segments report their socio-environmental actions to the market. Another UN-sponsored initiative to which BM&FBOVESPA belongs is Sustainable Stock Exchanges (SSE), which promotes the adoption of a sustainability agenda by exchanges and listed companies worldwide.

The company does not perform any activities that pose a threat to health or the environment. Furthermore, it requires responsible practices in selecting and contracting with suppliers, such as those relating to environmental impact, ethical conduct, health and safety, and non-involvement in proven cases of corruption, bribery, forced or slave labor and child labor.

## Corporate responsibility

BM&FBOVESPA seeks to set an outstanding example in corporate responsibility. All employees, interns and contractors have formal work contracts. Every effort is made to ensure that individuals are respected in the workplace. No cases of discrimination on grounds of ethnicity, color, gender, religion, ideology, nationality or social status were reported in 2013.

## Codes of Conduct

The BM&FBOVESPA Code of Conduct establishes rules to avoid conflicts of interest, encompassing relationships with external and internal stakeholders, the treatment of privileged information, and securities trading.

The Code of Conduct applies to BM&FBOVESPA and its subsidiaries and affiliates, and is signed by all employees. Suspected infringements are reported in writing to the Code of Conduct Committee. Such reports are never anonymous. The committee appoints a rapporteur to take the necessary steps to investigate each report. The Audit Department monitors all such cases and submits its findings to the Code of Conduct Committee for analysis. The CEO periodically presents decisions, findings and recommendations to the Board of Directors. 5.03

The Exchange also has a Supplier Code of Conduct, which covers principles and practices that must be part of the day-to-day routine of all those involved, including:

- Complying with all laws, rules and regulations that prescribe a minimum age for work, and not employing children aged under 14.
- Admitting adolescents as apprentices only when previously registered with public and/or non-governmental organizations authorized by the competent government agencies.
- Guaranteeing school attendance by adolescent apprentices aged over 14, and assuring respect for their labor and social security rights and specific stage of development.
- Strictly obeying the laws applicable to combating working conditions analogous to slavery, forced labor and child labor, on pain of immediate unilateral termination of contract.

In 2013 no cases of infringement or corruption at BM&FBOVESPA were reported to the Code of Conduct Committee, and no significant fines or non-monetary penalties resulted from non-compliance with laws, rules and regulations in the period. 5.04; 5.08

## Abrasca Code

BM&FBOVESPA adheres to the Abrasca Code of Self-Regulation and Best Practice for Publicly Held Companies, declaring that it applies the principles and rules established by the Code except with regard to the standard which calls for a Disclosures Committee to be established, as we have yet to formally create the Committee.

## Conflicts of interest 4.6

BM&FBOVESPA's policy on conflicts of interest is aligned with the requirements of Law 6404/76. Infringements are reported to the Governance & Nomination Committee for analysis. The committee proposes corrective action for approval by the Board of Directors.

The company's bylaws include several rules designed to prevent access to certain kinds of information by members of the Board of Directors involved in conflicts of interest with the company, and to prevent their participation in Board discussions and decisions.

The bylaws also determine that the management of BM&FBOVESPA, including members of the Board of Directors, must sign a declaration of adherence to the Insider Information & Trading Policy Manual.

In addition, the Conflict of Interest & Related Party Transactions Policy applies to all employees and executives of BM&FBOVESPA and its subsidiaries and affiliates.

The company has put in place formal mechanisms for shareholders to express their opinions to top management through the Investor Relations Department. The Ombudsman pursues consensus solutions for any conflicts among investors and participants in the markets managed by BM&FBOVESPA.

## Institutional representation 4.12; 4.13

BM&FBOVESPA is a member of or signatory to several institutions of an economic, environmental and/or social nature.

- Associate, Group of Institutes, Foundations and Enterprises (GIFE)
- Member, Business for Climate Platform (Empresas pelo Clima), FGV – seat on advisory board
- Member, Committee for Social Responsibility and Sustainability FEBRABAN
- Member, GRI Focal Point Brazil Advisory Group
- Member, GRI Stakeholder Council
- Member, Honorary Council, Carbon Disclosure Project (CDP), South America
- Member, Network of Brazilian Women Leaders for Sustainability, Ministry of the Environment
- Member, São Paulo Against Violence Institute – seat on board
- Member, Steering Committee, Ethos Indicators, Third Generation
- Member, Steering Committee, National Register of Companies Committed to Ethics & Integrity (Cadastro Empresa Pró-Ética)
- Member, Sustainability Research Group, Brazilian Institute of Corporate Governance (IBGC)
- Member, Technical Advisory Council, Carbon Disclosure Project (CDP), South America

- Signatory, Brazilian Business Compact For Integrity & Against Corruption
- Signatory, Brazilian National Compact for the Eradication of Slave Labor
- Signatory, Principles for Responsible Investment (UN PRI) – member, PRI Engagement Group Brazil
- Signatory, UN Global Compact – member, Brazilian Global Compact Committee
- Signatory, Voluntary Commitment to the UN Sustainable Stock Exchanges (SSE) initiative (Global Compact, PRI, UNEP-FI, UNCTAD)

## Institutional participation 4.12;4.13

As part of its business strategy, BM&FBOVESPA participates in several domestic and international associations or organizations, where it is a project or committee member or invited to share its expertise.

- BRAiN – Brasil Investimentos & Negócios (a joint initiative of Anbima, BM&FBOVESPA and Febraban) – associate member
- Ibero-American Federation of Exchanges (FIAB) – member, Executive Committee and Working Committee
- Futures Industry Association (FIA) – associate member
- Brazilian Institute of Corporate Governance (IBGC) – sponsoring organization and member of several committees (Guidelines, Legal, Finance, Sustainability, Communication)
- International Organization of Securities Commissions (IOSCO) – member, Self-Regulatory Organizations Consultative Committee (SROCC), Council of Securities Regulators of the Americas (COSRA), and IOSCO Working Group that coordinates Brazilian participation
- World Federation of Exchanges (WFE) – member, Board, Working Committee, Communications and Regulation Task Forces

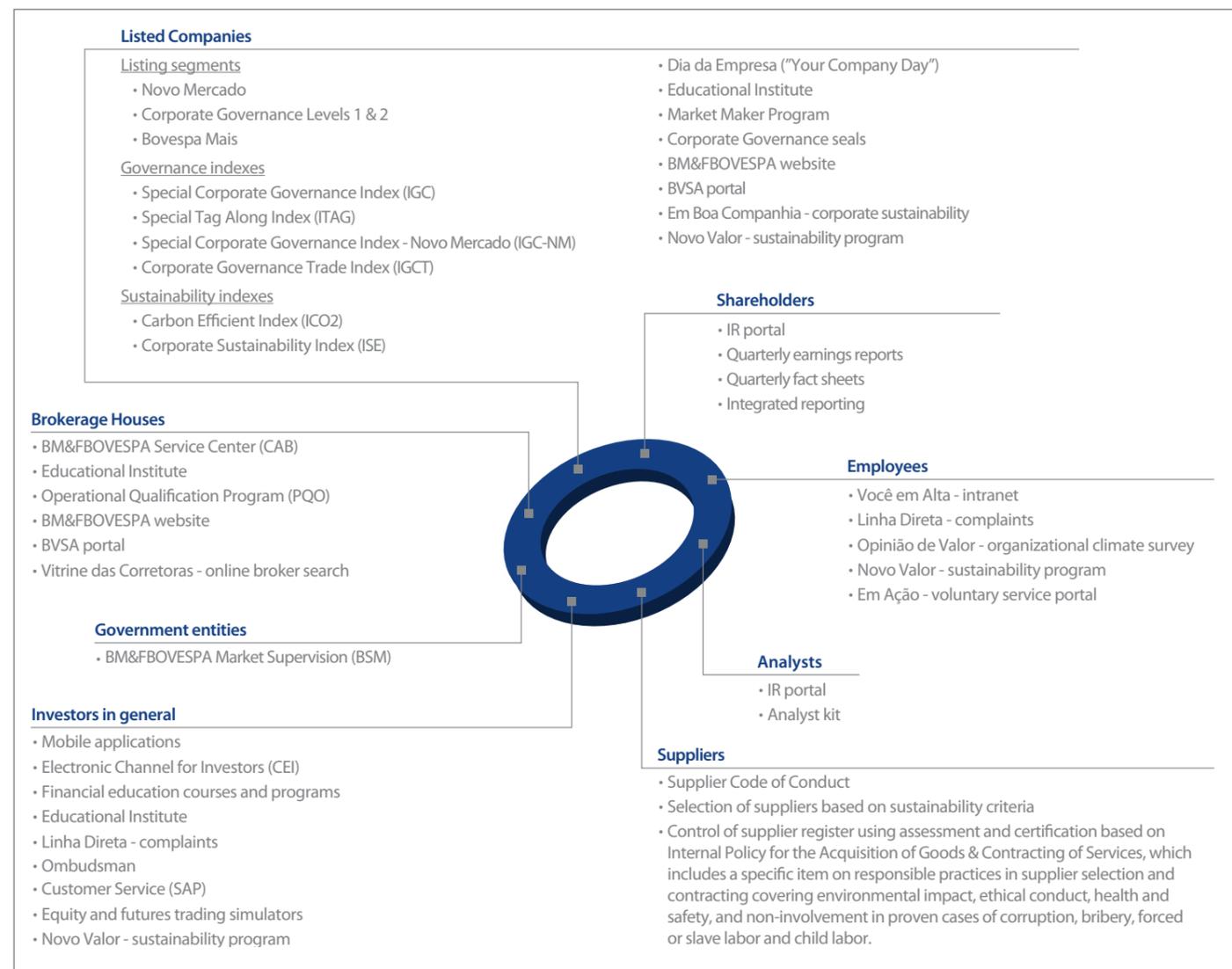
## Stakeholder relationships 4.14;4.15;4.16;4.17

BM&FBOVESPA maintains mechanisms not only to assure the proper functioning of its business but also to foster best practice in corporate governance among market participants and other stakeholders, espe-

cially shareholders, brokerage houses, listed companies, government, investors, analysts and suppliers.

The company's stakeholder engagement initiatives include application of the AA1000 corporate responsibility management standard, focusing on accounting, auditing and social/ethical reporting; educational campaigns; actions to encourage companies and individuals to participate in socio-environmental initiatives such as the Environmental & Social Investment Exchange (BVSA) and the Em Boa Companhia ("In Good Company") website; and regular meetings of its Advisory Committees, set up to build closer ties with the markets with the participation of representatives of various industries.

## Stakeholder relationship channels



## Responsible practices

BM&FBOVESPA fosters best practice in transparency and management through various initiatives, including the creation of listing segments for companies with high levels of corporate governance and a number of sustainability indexes.

In 2012 BM&FBOVESPA adopted Report or Explain guidance recommending that listed companies state in item 7.8 of the Reference Form ("Description of the company's relevant long-term relationships not elsewhere described") whether they publish a regular sustainability report and where it is available, or explain why not.

The Report or Explain initiative enables growing numbers of companies to disclose social, environmental, governance-related and other non-financial information, for which there is growing demand from the general public as well as investors, in light of their understanding of the importance of sustainability in business and society.

The number of companies listed on BM&FBOVESPA that publish sustainability reports or similar documents, or explain why they do not yet do so, increased from 203 to 293 between May 2012 and June 2013.

By December 2013, the number of listed issuers that publish social, environmental and governance-related information had risen to 157, reflecting growing commitment to and valorization of the sustainability agenda by public companies.

## Ombudsman

BM&FBOVESPA's Ombudsman is a channel for communication with stakeholders. The Ombudsman interacts with stakeholders both actively through contacts and visits, and passively through suggestions and complaints received via the internet and by telephone.

The Ombudsman prioritizes direct investigation of all cases, submitting the information and data collected to the Executive Board and Board of Directors at the end of each quarter. The service is available to all stakeholders but demand comes mainly from investors, most of whom are customers of brokerage houses.

There are no records of complaints regarding data security or privacy breaches in the period, or of any significant fines for failure to comply with the laws and regulations governing the supply and use of products and services. **PR8 ; PR9**

The Ombudsman responds to all contacts and invariably makes sure that both the response and the solution offered in each case are evaluated. In 2013 the Exchange began managing process quality and performance internally.

The activities of the Ombudsman are described in quarterly reports addressed exclusively to internal stakeholders. At the end of each year, however, the Ombudsman publishes on BM&FBOVESPA's website a consolidated version of the numbers and data for the four quarters, accompanied by charts comparing them with previous years ([www.bmfbovespa.com.br/ombudsman](http://www.bmfbovespa.com.br/ombudsman)).

## Linha Direta BM&FBOVESPA

Linha Direta ("Direct Line") is the company's new communication channel, in tune with modern market practices linked to the concept of corporate governance.

Linha Direta enables employees, interns and other members of staff to report infringements of the Code of Conduct, or any of the company's internal policies and norms, safely and with guaranteed confidentiality. The new channel is also available to the general public by phone 0800-202-2863. Whistleblowers can remain anonymous if they so wish.

## SAP

Indicators are monitored monthly by Customer Service (SAP) to evaluate the satisfaction of brokerage house customers and members of the public who contact BM&FBOVESPA. The findings are described in a management report. They include satisfaction surveys covering the quality of telephone service and average response time. [PR5](#)

The number of contacts recorded by SAP in 2013 was 46,943. Response time averaged 1.77 days. The level of satisfaction with telephone service and service via the internet was 98.5% and 70.0% respectively (excellent, very good and good. More details are presented in the table below.

### SAP satisfaction survey – telephone service

Excellent	Very good	Good	Middling	Poor	Total
8,794	1,129	298	72	86	10,379
84.73%	10.88%	2.87%	0.66%	0.83%	100%

### Pesquisa de satisfação SAP – Atendimento via site

Excellent	Very good	Good	Middling	Poor	Total
135	53	22	19	71	300
45.00%	17.67%	7.33%	6.33%	23.67%	100%

# PEOPLE MANAGEMENT

## BM&FBOVESPA: proud to belong

BM&FBOVESPA constantly invests to maximize the potential of human capital, assuring adequate working conditions, professional development plans, quality of life and well-being for its employees.

Management of human resources is an integral part of the company's strategic planning and helps staff in the pursuit of corporate objectives and targets.

Processes and guidelines are continuously reviewed to enhance people management and guarantee the "pride of belonging", creating bonds between all levels of relationship, both internal and external, from staff to customers and suppliers.

In 2013 BM&FBOVESPA stepped up its investment and initiatives in organizational climate management and employee and leader training.

### Organizational climate

As part of the evolution of its management model and continuous workplace improvement process, in late 2013 BM&FBOVESPA conducted the second Opinion of Value organizational climate survey to identify opportunities for change, help define new strategies, diagnose the level of employee satisfaction and engagement, and find out about the expectations and aspirations of the workforce.

The number of people who took part in the 2013 Opinion of Value Survey was 1,454, which corresponded to a 90% participation rate, outperforming the challenge of reaching 78% when the survey was first launched. In light of these numbers the company believes it is on the right track toward building a better organizational climate, with stronger motivation and made up of professionals who make a difference.

Publication of the results will start in February 2014, when action plans will be drawn up to assure continuous improvement of the workplace environment and reinforce the management of organizational climate and engagement.

## Leaders Day

Leaders Day is a program comprising two tracks – structured training activities and optional individual development activities. The program is for executive directors, officers, managers and senior specialists, and coordinators and specialists.

It begins with a detailed external assessment of each leader's competencies using several behavioral tests and exercises. The findings are important to enable leaders themselves to identify strengths and development needs, but they are also useful to the organization since they supply a basis for other program activities. In 2013, 13 new leaders took this part of the program.

The results of the assessment are the basis for leaders to take the parallel training and development tracks.

In the development track, leaders can optionally be assisted by external coaching with the implementation of an individual development plan based on the competencies assessment report. In 2013, 18 leaders participated in this process.

All participants take the training track, which consists of face-to-face modules specially designed for the company by Fundação Dom Cabral, a renowned institution that specializes in executive development.

The first module of this track is the People Management Cycle developed on the basis of leader competencies, the company's people management model, and the general findings of the assessment process. The goal is to clarify the leader's role and enable the participants to swap experiences and do practical exercises involving typical everyday real-life situations.

The next step following completion of the initial module consists of workshops designed to strengthen the participants' grasp of the concepts involved. In 2013 the workshops focused on the people management processes that most require well-qualified managers, especially team target management and feedback.

In 2013, the number of leaders trained in the various face-to-face modules of the program was 119.

## Talent management

Given its business model, BM&FBOVESPA aims to retain and attract talented people who can help the

company achieve its strategic objectives. To do so it develops mechanisms to encourage staff to stay with the company over the medium to long term.

In 2013, BM&FBOVESPA performed a talent and succession mapping and planning exercise involving all departments, units and offices. This annual process aims to prepare leaders to guarantee business continuity now and in future.

## New Exchange Culture

Continuing the New Exchange Culture Project, three priorities were selected in 2013 involving seven important initiatives, organized in working groups led by the organization's executive officers.

Among these initiatives, it is important to highlight face-to-face training activities for top management in a special track involving:

- A cultural module designed to reinforce the role of executives as engagers in the process of cultural change;
- Strategic planning, a priority linked not only to corporate efficacy but also to organizational climate management, in partnership with the Wharton School of the University of Pennsylvania (Philadelphia). Begun in 2012, this process consists of strategic leadership training customized for BM&FBOVESPA, with the participation of executives in an open strategy program at the Wharton School itself.

## Profile of BM&FBOVESPA's team LA1

At end-2013, the company had 1,430 employees (448 women and 982 men), and 89 interns (40 women and 49 men).

The entire workforce was located in the Southeast Region. All except for interns were employed full-time and had indefinite duration employment contracts.

The number of people with special needs (PSN) was 73 at end-2013, in compliance with the 5% quota requirement established by the applicable federal and state laws. Of this contingent, 38 are women and 35 are men.

In 2013 the company hired 285 people, of whom 189 were employees, 82 were interns, and 14 were PSN.

In 2013 the lowest salary paid to an intern corresponded to 186% of the state minimum wage; in the case of employees, the ratio was 177% for men and 205% for women. It is important to stress that no one employed by the company was paid the state

minimum wage either in 2013 or in previous years. The lowest salary corresponded to 213% of the federal minimum wage for men and 239% for women in 2011, and to 199% for men and 223% for women in 2012. [EC5](#) | [LA14](#)

Every single employee of BM&FBOVESPA is covered by a collective bargaining agreement. [LA4](#)

## Number of employees and interns

Position	2013	2012	2011
Executive Officer	34	34	37
Manager	94	97	94
Coordinator	171	170	152
Staff	1,131	1,141	1,172
Intern	89	85	88

## Ratio of men's to women's basic salary by employee category LA14

Category	2013	2012	2011
Executive Officer	85.44%	84.36%	92.12%
Manager	102.49%	100.81%	101.09%
Coordinator	92.26%	93.39%	93.16%
Staff	84.18%	85.74%	83.99%

**Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other diversity indicators LA13**

Gender & ethnicity (absolute numbers)	2013			2012			2011			2013			2012			2011		
	Men			Women			Black men			Black women								
Executive Officers	28			6			-			-			-					
Managers	76			18			1			-			-					
Coordinators	125			46			2			1			-					
Staff	753			378			24			20			21			8	10	
Interns	49			40			2			-			-			1	-	
<b>Total</b>	<b>1,031</b>			<b>488</b>			<b>29</b>			<b>22</b>			<b>22</b>			<b>10</b>	<b>8</b>	

Age & PSN (absolute numbers)	2013			2012			2011			2013			2012			2011		
			Aged 30 or less			Aged 31-50			Aged 51+						Special needs (PSN)			
Executive Officers	-		-	29		31	5		6		6	-		-				
Managers	4		7	77		79	13		11		8	-		-				
Coordinators	22		26	140		112	9		13		14	-		-				
Staff	462		516	617		606	52		54		50	73		72		72		
Interns	89		88	-		-	-		-		-	-		-		-		
<b>Total</b>	<b>577</b>		<b>637</b>	<b>863</b>		<b>828</b>	<b>79</b>		<b>84</b>		<b>78</b>	<b>73</b>		<b>72</b>		<b>72</b>		

**Employee turnover LA2**

**New employee hires**

New hires by gender*	2013	2012	2011
Male	185	184	227
Female	100	119	140

New hires by age	2013	2012	2011
Aged 30 or less	214	217	237
Aged 31-50	70	84	126
Aged 51+	1	2	4

**Separations**

Separations by gender*	2013	2012	2011
Male	188	204	180
Female	108	117	108

Separations by age	2013	2012	2011
Aged 30 or less	152	187	158
Aged 31-50	123	125	122
Aged 51+	21	9	8

**Turnover rate**

Turnover rate by gender (%)	2013	2012	2011
Male	12.25	12.64	13.54
Female	6.83	7.69	8.25

Turnover rate by age (%)	2013	2012	2011
Aged 30 or less	12.02	13.16	13.14
Aged 31-50	6.34	6.81	8.25
Aged 51+	0.72	0.36	0.40

\* Percentages based on number of new hires and employees leaving during year divided by total workforce in December of each year.

Note: Until 2012 the turnover rate was based on separations during the year and final headcount. In 2013 it was based on average new hires and separations and average headcount during the year. The rates for 2011 and 2012 have since been recalculated using the new methodology in order to assure comparability across the entire period.

**Quality of life and benefits LA3**

Health, leisure, culture and emotional balance are part of BM&FBOVESPA's strategy to stimulate the team's performance and productivity. The company offers far more than the legal benefits (prescription drug discounts, life insurance, emergency loans, food vouchers, meal vouchers, childcare vouchers), including options that raise awareness of the importance of wellbeing and encouraging everyone to participate in the Quality of Life Program.

**Quality of Life Program**

The program has three pillars, comprising interlocking activities in work-life balance (Mais Equilíbrio), wellness (Mais Saúde), and leisure and culture (Mais Lazer e Cultura). It completed three years in 2013, proving that action taken to enhance employees' well-being contributes significantly to improvements in the workplace climate. The program includes the Facilities Exchange (Bolsa Facilidades), which provides access to goods and services that contribute to employee wellbeing through partnerships in sports, culture, recreation and leisure.



Espaço Dorival Rodrigues Alves

**Mais Equilíbrio – Work-Life Balance**

**Mais Você** – Personal counseling and support from a multidisciplinary team (psychologist, social worker, nutritionist, psychopedagogue, lawyer, physical therapist, personal trainer, among others) to help employees and their families deal with difficulties at home, stress, legal problems and parenting. Diets are offered for specific situations (e.g. pregnancy, breastfeeding, convalescence), as well as information on physical fitness. The service is free, confidential and available 24x7 by phone and email. It processed 3,350 cases in 2013.

**Espaço Dorival Rodrigues Alves** – A space for use by employees, interns and other professionals who work with the company to provide more equilibrium and health with comfort and convenience. The Dorival Rodrigues Alves Center covers all three pillars of the Quality of Life Program (work-life balance, wellness, and leisure and culture), offering nutritional guidance, psychological and medical counseling, massage and a mingling area.

**Mais Saúde – Wellness**

**Outpatient Clinics** – Healthcare services including preventive action against diseases, promotion of lifestyle changes and quality of life, diagnosis and treatment, as well as counseling in special cases. The number of medical and nursing cases processed in 2013 totaled 12,318.

**Fitness** – To encourage its people to keep fit, the company has an agreement with some units of a

chain of fitness centers, which grant discounts on monthly membership fees and waive enrollment fees for employees and interns. Some 614 employees and interns make use of this benefit.

**Walking & Running Group** – Periodic personalized training for employees and interns, who must take a physical assessment before participating. The company subsidizes 50% of the fees charged by the outside sports counselors who run this program. Ten people took part in 2013.

**Flu Vaccine** – An annual flu vaccination campaign is held to protect employees, interns and contractors. Other forms of prevention are reinforced in addition to vaccination. This program benefited 1,200 people in 2013.

**Checkup Program** – Officers, managers and senior specialists are encouraged to have a checkup annually if aged 50 or more, and every two years if aged 49 or less. The focus is on preventing sickness and promoting wellness. In 2013 the program had 46 participants.

**Support for Breastfeeding** – This program valorizes the role of women in society and the labor market, as well as contributing to infant development, through comfort and convenience in a space reserved for female staff to continue breastfeeding after they return from maternity leave. The space was used by eight employees in 2013. To commemorate World Breastfeeding Week, the company promoted a meeting with mothers for a chat about the importance of breastfeeding for infants, mothers, families, society and the environment. Nine women took part.

**Blood Donation Campaign** – Conducted annually in partnership with the blood bank at Hospital Sírio Libanês. In 2013, 156 employees participated.

**Points For You** – An initiative of the Quality of Life Program to encourage healthy eating and weight loss, when necessary, using the Weight Watchers method. In 2013, 39 people took part.

**Mais Lazer e Cultura – Leisure & Culture**

**Mother's Day and Father's Day** – Cultural, leisure and integration activities were part of the commemorations for both dates in 2013. They included exclusive theater performances for mothers and fathers employed by the company, plus guests if they wished. Mother's Day: 300 people. Father's Day: 400 people.

**Exchange Kids** – This initiative enables children aged 5-11 to find out more about their parents' workplace, with a full day of games, recreation and educational activities. The number of children who participated in 2013 was 170. The theme was Galaxy Trek. They voyaged to different places, such as Toy Planet and Goodness Planet, and received books and comics donated by employees, interns and other professionals who work with the company to the BM&FBOVESPA Sports & Culture Center, located in Paraisópolis, and the Job Training Association.

**Secretaries Day** – In 2013 a workshop was held to commemorate the date, with 35 secretaries participating. The subject was "Emotional Intelligence at Work – Lessons of 'The Devil Wears Prada'". It involved a critical reflection on the key concepts of emotional intelligence and their implications in the workplace.

**Soccer Tournaments** – The traditional Seven-a-Side Soccer Tournament attracted 193 participants in 2013. Awards were given to the teams that finished in first, second and third place.

**Diversity & Voluntary Service Week** – Activities organized by HR and Sustainability in 2013 included a lecture entitled "I don't want to come out of the mirror" by a visually impaired female employee, a performance by the Job Training Association's Dance Group, Day in Action, and a competition called Photographing Diversity.

**Pension plan EC3**

The company offers a defined-contribution pension plan for voluntary participation by all employees. The number of participants totals 1,043.

The plan for employees of BM&FBOVESPA enables participants and the sponsor to invest more – from 3.6% to 7% of the monthly salary, with a matching contribution from the company equivalent to 100%. Employees who leave the company before the specified retirement date can keep their plans according to the rules stipulated by the bylaws or cancel, in which case they can opt to transfer 100% of the accumulated employee contributions based on length of service or up to 90% of the accumulated sponsor contributions; alternatively they can withdraw 100% of the accumulated employee contributions and up to 50% of the accumulated sponsor contributions based on length of service.

It is important to note that the company has no obligations relating to payments in addition to its contributions as sponsor. Regular contributions are booked under personnel expense for the period during which they are due.

### Health and safety LA3;LA8

The company's workplace and operations present a low level of risk to health and safety. All employees have access to a corporate health and dental care plan, which also covers spouses and children up to the age of 21, or 24 for university students. In cases of serious illness requiring care not covered by the plan, benefits may be granted on the basis of an individual analysis. LA8

Employees can also use two outpatient clinics located on the company's premises at Praça Antonio Prado and Rua XV de Novembro, and staffed by physicians and nursing technicians every day of the week. The focus is on occupational medicine but urgent care is also available. The company also has discount agreements with pharmacies.

To discuss matters relating to accident and occupational disease prevention, the company has a specialized occupational health and safety service (SESMT) comprising a physician and occupational safety technician, as well as an Internal Workplace Accident Prevention Committee (CIPA) with 18 members corresponding to 1.25% of the total workforce. LA6

The CIPA's main functions are to map all workplace hazards, observe and report risks of accidents, and provide employees with guidance on accident prevention.

An Internal Workplace Accident Prevention Week (SIPAT) is organized annually in conjunction with SESMT. In its third edition, SIPAT presented health-related activities designed to encourage more conscious and positive behavior, including workshops on balanced diet, physical assessment, mental balance, blood donation, and measurement of blood pressure, blood sugar and cholesterol. Employees also benefited from ergonomics inspection blitzes, workstation interventions with guidance on posture, and a "snooze booth" to restore energy. The number of participations during the five-day SIPAT in 2013 totalled 2,936. In the CIPA elections, 1,051 votes were cast, corresponding to 74% of the workforce. Five members and four alternates were elected. LA9

### Compensation model

In line with its corporate objectives the company's compensation model aims to assure market-competitive pay levels, attract talent, and retain employees in the medium to long term.

Fixed compensation consists mainly of a salary adjusted annually by a collective bargaining agreement with the union that represents the employee's category. Pay awards may also be granted for merit, promotion or extra qualifications. Such awards are generally granted to recognize and reward performance and professional development on the basis of regular individual performance assessments.

Variable compensation consists of semiannual payouts in accordance with the company's profit sharing program (PLR), which establishes potential monthly salary multiples depending on the company's key performance indicators and the employee's seniority and individual performance assessment. All employees are eligible for variable compensation under the rules of the PLR program.

Long-term compensation basically consists of stock options granted under the company's Stock Option Plan to align the interests of executives with the company's objectives and foster retention of key personnel.

### Performance management

Performance assessment is a process in which 100% of the workforce take part, in line with the personal development proposition established by the company. The aim is to assure results based on a commitment to merit, considering the planning and target dimension (what) and the behavior expected for each level and function (how). LA12

Each employee's individual performance assessment consists of three structured formal conversations with the employee's manager during the year, one in the first quarter dealing with targets (what) and competencies (how), and the others in mid-year and at year-end for assessment and recognition. The results in both dimensions determine the employee's eligibility for the individual portion of the PRL program agreed with the union.

Measurement starts with self-assessment, which enables employees to reflect on the challenges faced during the period and record their perceptions. The self-assessments are analyzed by managers and departmental meetings are then held to provide feedback.

After these meetings, employees access the performance management system to acknowledge receipt of feedback and finalize the process. They then prepare and obtain validation of an individual development plan.

In 2013 employees were again invited to respond to a satisfaction survey on the feedback received. The number of voluntary respondents was 772.

### Training LA10

In 2013 the company continued with its employee training and development initiatives, delivering 401 actions in a range of training modalities with 5,938 participations and 1,523 employees and interns trained, for an average of 21 hours per employee.

	Training modality	No. of employees trained	No. of participations	No. of training actions	Total training hours	Average training hours per employee
Leadership training	In company	1,523	119	10	1,280	4
	In company		2,223	114	16,714	10
Corporate training (all employees)	Online		1,488	15	7,145	4
	External		118	118	3,806	2
Training relating to the company's strategic programs	In company		2,109	144	10,018	6
<b>Total</b>			<b>1,523</b>	<b>5,938</b>	<b>401</b>	<b>35,157</b>

In-company and external face-to-face corporate training consisted of 232 actions with 2,341 participations.

Online training involved 15 actions and totaled 7,145 hours, corresponding to 4 training hours per employee. The number of participations reached 1,488, compared with 258 in the previous year.

The company also invested in specific training for leaders. The number of actions totaled 10, with 119 participations and an average of 4 training hours per employee.

## Inside the Exchange (Por Dentro da Bolsa)

The special induction program called Por Dentro da Bolsa (Inside the Exchange) trains employees and interns in the basic concepts that permeate the exchange market, with the aim of assuring the use of a single language throughout the organization and providing an integrated understanding of its products and services and how they are processed internally.

The program has six modules, with online content and face-to-face meetings. The first step is a self-assessment enabling individuals to identify gaps in their knowledge of the company.

The training modules to be used are identified on the basis of these self-assessments and a review of the requisite knowledge by the heads of the areas concerned.

In November 2013, to commemorate the first year of the program, three iPads were raffled among the trainees who completed the knowledge track as an encouragement to general participation. The year ended with 503 participants in the Por Dentro da Bolsa Program (employees and interns).

## Education Incentive Program

This program facilitates access to higher education (undergraduate and graduate courses) and language courses for professionals with growth potential. The number of participations in 2013 was 200, of which 76 were in MBAs and other graduate courses, 16 in undergraduate courses, and 108 in language courses (English and Spanish).

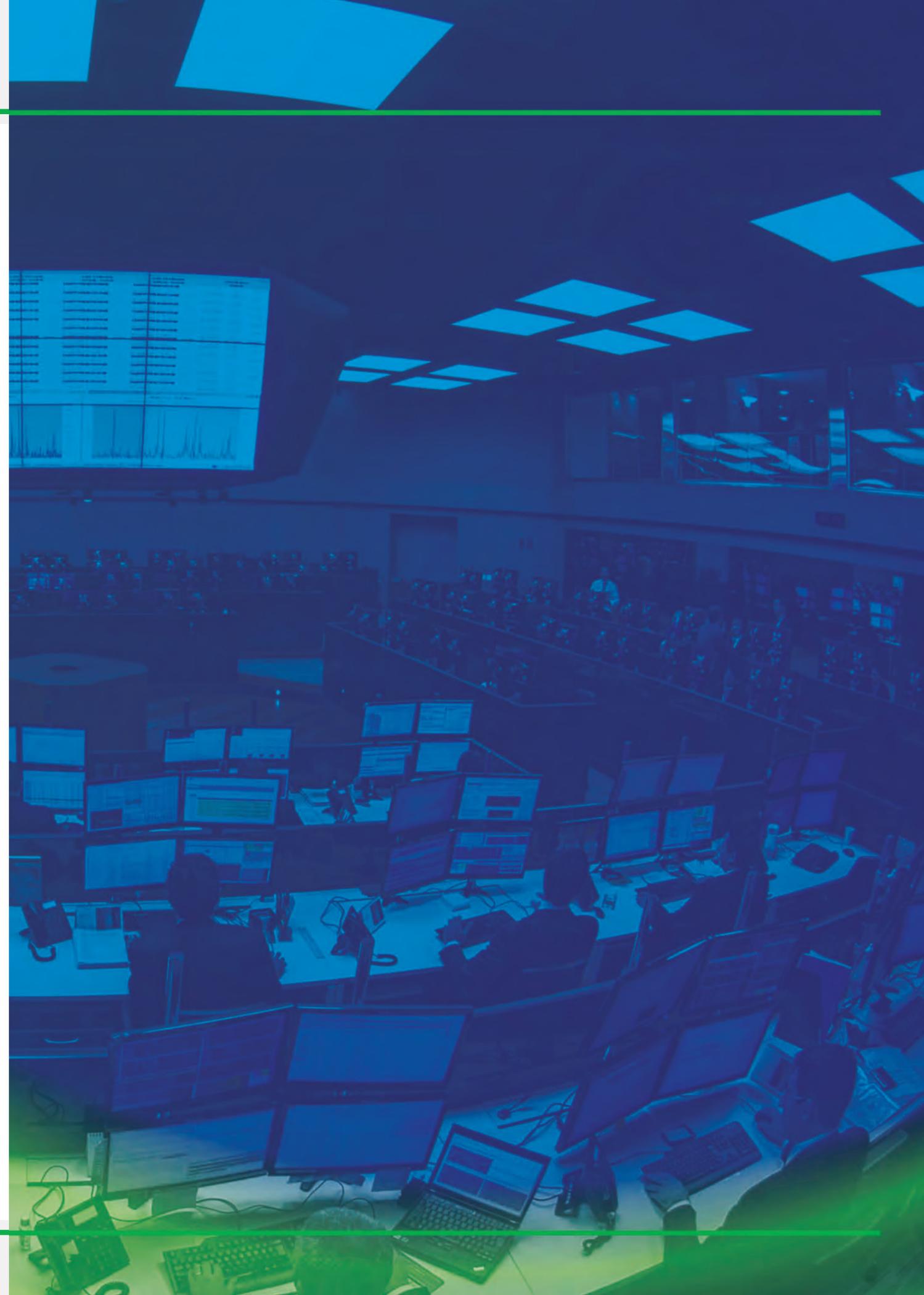
## Human rights HR2

In 2013 the company continued to deliver on its commitment to analyze and accredit suppliers in accordance with its procurement policy, focusing above all on the mitigation of risks relating to corporate image, labor claims, child labor and slave labor. The number of suppliers accredited in 2013 totaled 69, representing 58%.

In addition, the company requires supplier clearance certificates, credit checks with Serasa Experian, and checks with the Office of the Comptroller General ([www.cgu.gov.br](http://www.cgu.gov.br)) and the Transparency Portal ([www.portaltransparencia.gov.br](http://www.portaltransparencia.gov.br)). The standard service agreement contains clauses prohibiting conditions analogous to slave labor. Between June 2010 and December 2013, it had 641 accredited suppliers, 417 of whom were classified by branch of activity. It should be noted that 65% of the suppliers analyzed and accredited could pose some kind of human rights risk.

Although supplier evaluation focuses mainly on tax, civil and labor law matters in the federal, state and municipal spheres, the policy calls for notification of the responsible manager if any violation of human rights is detected, and for appropriate steps to be taken. To verify these items, moreover, the company requires prospective suppliers to complete a questionnaire prior to a visit to their premises to make sure they have a procurement policy and an underage apprentice program in place.

As in previous years, in 2013 BM&FBOVESPA registered no cases of discrimination on grounds of ethnic origin, color, gender, religion, ideology, nationality or social origin, and received no reports of child labor and slave labor or violation of the rights of indigenous peoples. **HR4; HR6; HR7**



# SUSTAINABILITY

## BM&FBOVESPA: a benchmark in sustainability

### In pursuit of excellence 4.12|4.13

For BM&FBOVESPA sustainability is a new business management model in which the social and environmental dimensions, allied with best corporate governance practices, influence the economic dimension positively, adding value to the company.

The company has been a pioneer in many aspects of sustainability. In 2004 BM&FBOVESPA was the first exchange in the world to sign up to the UN Global Compact. In 2010 it was the first exchange in any emerging-market country to commit officially to the Principles for Responsible Investment (PRI), an initiative led by institutional investors from several countries in partnership with the UN Global Compact and the UN Environment Program Finance Initiative (UNEP-FI). In the same year it was the first exchange in the world to become an organizational stakeholder in the Global Reporting Initiative (GRI), a network that sets internationally accepted reporting standards and develops strategic recommendations to enhance sustainability reporting.

Since 2011 BM&FBOVESPA has issued Annual Reports containing both financial and non-financial information in a single document at meetings of the Brazilian Association of Capital Market Analysts & Investment Professionals (APIMEC).

To encourage analysts and investors to take socio-environmental and corporate governance issues into account in their assessments of stock prices and investment decisions, in 2012 BM&FBOVESPA adopted Report or Explain guidance recommending that listed companies state in the Reference Form whether they publish a regular sustainability report and if not, why not. The initiative has had extremely positive results: by June 2013, 293 listed companies had published sustainability reports or explained their absence.

As a founding signatory of the UN's Sustainable Stock Exchanges (SSE) initiative, with Nasdaq OMX, the Johannesburg Stock Exchange, the Istanbul Stock Exchange and the Egyptian Exchange, it has endeav-

ored to promote responsible long-term investment and the publication of non-financial information by listed companies.

In the Sustainable Stock Exchanges Report on Progress, published by PRI, the Global Compact, UNCTAD and Aviva Investors, BM&FBOVESPA was designated as a global reference in sustainability.

Elected for a three-year term to the GRI Stakeholder Council, and to chair Focal Point Brazil's Advisory Committee, in 2013 BM&FBOVESPA widened its action to promote transparency in the disclosure of non-financial information.

The company also supports several initiatives to promote the insertion of sustainability and private social investment into the agenda of listed companies. These include the Socio-Environmental Investment Exchange (BVSA), the Job Training Association, the BM&FBOVESPA Athletics Club, and the BM&FBOVESPA Sports & Cultural Center.

As promised in the previous year, in 2013 the Board of Directors approved its Sustainability Policy BM&FBOVESPA, aligned with the company's strategic principles.

The policy applies to all employees, interns, trainees and other staff of BM&FBOVESPA, as well as external stakeholders. Its aim is to formalize guidelines for action on the theme. Its structure is divided into four pillars — environmental, corporate governance, market, and social. Forty-six meetings were held with executive officers and teams in 17 areas that will be affected in the first year of rollout.

## Future commitments

### Implementation of Sustainability Policy

In 2014 and 2015, the Sustainability Policy will be implemented in 17 areas of BM&FBOVESPA in accordance with the possibilities offered by their roles and responsibilities, surveyed during 2013-14.

### Voluntary Service Program

In 2014 BM&FBOVESPA will draw up a voluntary service policy for employees, interns and contractors, as an extension of its Sustainability Policy in the Social Pillar, bolstering the Exchange's activities in the sector and encouraging volunteers to act in an organized manner and in line with its strategies.

## Recognition 2.10

### Empresas do Bem 2013, Istoé Dinheiro

The National Financial Education Strategy (ENEF), developed by BM&FBOVESPA in partnership with several public and private entities, once again won the Exchange a place on the list of the "Top 50 Companies for Good" (50 Empresas do Bem), a survey by Istoé Dinheiro magazine identifying the 50 initiatives that are making Brazil more competitive.

### Emerging-country companies that best report CO2 emissions

BM&FBOVESPA ranked seventh among companies in emerging countries that best report carbon emissions, according to a study by the Environmental Investment Organization, a UK-based climate change and finance think tank.

### CDP Brazil 100 Climate Change Report

For the second year running BM&FBOVESPA is one of the top ten Brazilian companies ranked by the transparency of their disclosure of information on climate change strategies and actions, according to the CDP Brazil 100 Climate Change Report 2013.

Published by the Carbon Disclosure Project, a non-profit organization that works with thousands of companies and more than 722 institutional investors (62 of them Brazilian) from 60 countries to tackle climate change, the report surveys large corporations that have adopted or enhanced positive practices such as reducing energy consumption, implementing automation solutions, and substituting renewables for fossil fuels.

## Sustainable development initiatives



The Novo Valor website [www.bmfbovespa.com.br/novo-valor](http://www.bmfbovespa.com.br/novo-valor) offers information on the Exchange's sustainability and social investment indicators and projects, engaging with investors, companies and brokerage houses to promote

the sustainable development of the capital markets, and thereby contributing to the realization of projects. In 2013 it recorded more than 18,400 hits.

## "In Good Company" Corporate Sustainability Program

Em Boa Companhia promotes permanent relationships with business organizations through a range of initiatives, including the sharing of information by means of publications and face-to-face meetings with experts in sustainability, among others. Eight events were held in 2013.

Details of the sustainability projects implemented by companies listed on BM&FBOVESPA can be found at [www.bmfbovespa.com.br/emboacompanhia](http://www.bmfbovespa.com.br/emboacompanhia).

## Corporate governance and sustainability indexes and funds

BM&FBOVESPA maintains a number of indexes that track the performance of companies committed to sustainability.

## Governance

- Special Corporate Governance Index – Novo Mercado (IGNM) – Tracks a theoretical portfolio comprising the stocks of companies that voluntarily adopt high corporate governance standards and are listed on the Novo Mercado segment.
- Special Corporate Governance Index (IGC) – Tracks the stocks of companies listed on Novo Mercado or classified in Levels 1 or 2 of BM&FBOVESPA.
- Corporate Governance Trade Index (IGCT) – Tracks the stocks of IGC companies that meet specific liquidity criteria, such as actively trading in at least 95% of trading sessions during the previous 12 months.
- Special Tag Along Index (ITAG) – Tracks a theoretical portfolio composed of stocks issued by companies that offer minority shareholders better terms than those required by law in the event of a sale by majority shareholders.
- IT Now ISE – Based on the Corporate Sustainability Index (ISE), this exchange-traded fund (ETF) tracks the return on a portfolio comprising stocks issued by companies with a recognized commitment to social responsibility and sustainability.

- IT Now IGCT – Based on the Corporate Governance Trade Index (IGCT), this EFT tracks the stocks of companies that voluntarily adopt high corporate governance standards (listed on the Level 1, Level 2 and Novo Mercado segments) and meet the criteria for inclusion established in its methodology.

## Sustainability

- Carbon Efficient Index (ICO2) – Tracks the stocks of IBrX-50 companies that agree to participate and undertake to submit greenhouse gas inventory data for publication on the "In Good Company" website ([www.bmfbovespa.com.br/emboacompanhia](http://www.bmfbovespa.com.br/emboacompanhia)).
- Corporate Sustainability Index (ISE) – Tracks the return on a portfolio of stocks issued by companies with a recognized commitment to sustainability. Launched in 2005, the ISE has become a benchmark for sustainable management practices in Brazil and worldwide. Companies must complete a specific questionnaire in order to be included in the ISE's portfolio ([www.isebvmf.com.br](http://www.isebvmf.com.br)).

In 2013 the ISE's board presented the timetable of activities for the process and announced a partnership with the agency Imagem Corporativa to monitor news flows involving the companies tracked by the ISE portfolio. In addition, a face-to-face public hearing was held on the 2014 ISE, as well as workshops on the seven dimensions of the questionnaire.

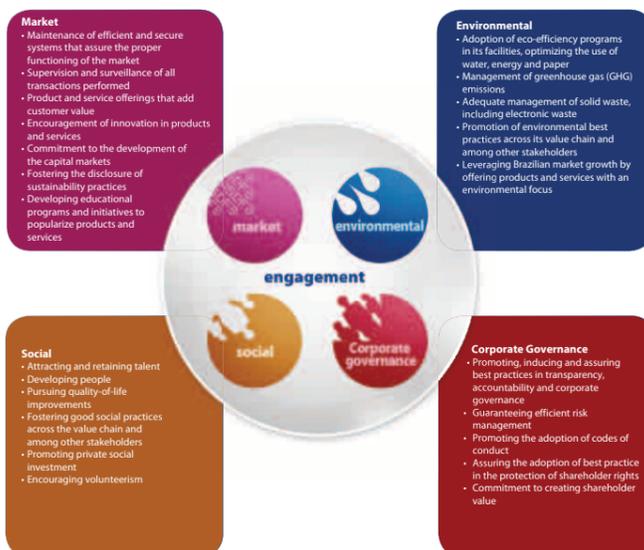
It is important to stress that BM&FBOVESPA chairs ISE's board (CISE), the highest governance body for the index, comprising representatives of 11 institutions.

## Management aligned with the interests of the company and society 4.16

BM&FBOVESPA is permanently committed to the mission of promoting sustainability and private social investment in line with its business strategy.

In 2013 the Board of Directors approved the Sustainability Policy, structured in four pillars – market, environmental, social, and corporate governance:

## Key guidelines of the sustainability pillars



The complete text of BM&FBOVESPA's Sustainability Policy is available at <http://ri.bmfbovespa.com.br>, in Corporate Governance, Bylaws, Codes and Policies.

## Participatory action

The Sustainability Department acts in four dimensions:

- **Management of natural resources** – focusing on ecoefficiency gains;
- **Products and services** – building sustainability into the Exchange's products and services in partnership with business areas
- **Governance** – inducing best practice by the market and integrating the concept into internal governance;
- **Relationships** – stakeholder engagement.

Two other multidisciplinary spheres of governance manage sustainability in addition to the department:

the Sustainability Committee, responsible for strategic guidelines and approval of macro-initiatives; and the Sustainability Task Force, which proposes and manages the agenda. The department's remit also includes managing the social investment programs developed by the BM&FBOVESPA Institute.

The Exchange has also put several important measures in place to promote ecoefficiency. The main initiatives are summarized below.

- **GHG inventory** – BM&FBOVESPA conducted its first inventory of greenhouse gas emissions in 2010, based on data for 2009. Since 2010 the GHG inventory has been verified by a third party in order to assure evolution of the process.

The 2012 inventory was released to the public during a Sustainability Week presentation.

Emissions totaled 4,303.20 tCO<sub>2</sub>e. As is typical of organizations in the financial services industry, the Exchange's direct emissions are the least significant in the comparison of all three scopes. The inventory was conducted with the support of a consulting firm and checked by KPMG. Details are available at [www.registropublicodeemissoes.com.br](http://www.registropublicodeemissoes.com.br).

The 2013 GHG inventory has not yet been produced, as the process will begin in January 2014. The findings will be published in May.

- **Selective waste collection and recycling** – All workstations and corridors on every floor of BM&FBOVESPA's buildings have selective waste collection bins to enable comprehensive recycling. All materials including batteries are collected for recycling. The money earned from the sale of recycled material is donated to social projects chosen by employees, interns and contractors. In 2013 the institution selected by the Voluntary Service Committee was Núcleo Assistencial Fraterno, Grupo Mãos Estendidas.
- **Use of certified paper** – All publicity material, stationery and printing paper used by BM&FBOVESPA are certified by the Forest Stewardship Council (FSC).

- **Use of ecoefficient equipment** – The company uses only energy-efficient light bulbs, smart air conditioning and next-generation elevators.
- **Green tech** – Equipment and computer monitors that generate less heat and consume less energy are prioritized.
- **Bicycle parking** – The Exchange has a bicycle parking facility with lockers and changing rooms to motivate employees to make sustainability part of their day-to-day routine in this way.
- **Car pool and bicycle messengers** – The Carona Solidária ("Solidarity Car Pool") Program encourages employees to share their cars with co-workers via the Caronetas ride sharing website ([www.caronetas.com.br/bmfbovespa](http://www.caronetas.com.br/bmfbovespa)) and uses the services of bicycle messengers for short distances.

The company also has a long track record in social investment. This activity is managed by the BM&FBOVESPA Institute.

## BM&FBOVESPA Institute 501

The Institute was established in 2007 to integrate and coordinate BM&FBOVESPA's social investment projects. In 2008 the Institute became a public-interest civil society organization (OSCIP).

Its remit is to foster the Exchange's participation in the efforts realized by society to promote sustainable development, focusing on social and economic inclusion initiatives, environmental conservation, and the strengthening of civil society.

Special attention is devoted to children and youth because this is considered the best way to encourage the social and economic changes required to build a society in which there is more respect for human rights and better living conditions for all.

Through the BM&FBOVESPA Institute, the Exchange supports civil society organizations that focus on health and social assistance. In 2013, 12 institutions received R\$240,000.

The São Paulo and Rio de Janeiro Job Training Association, the Socio-Environmental Investment Exchange (BVSA), the Athletics Club, the Sports & Cultural Center and the Em Ação voluntary service program are the main initiatives of the BM&FBOVESPA Institute.

## Job Training Association

The BM&FBOVESPA Job Training Association, a social investment arm of the Exchange linked to the BM&FBOVESPA Institute, was set up to promote social and economic integration of young people from low-income households through educational activities.

More than job training, the association is responsible for integral formation of socially excluded young people to make them citizens capable of shaping their own life courses. To do so they must have experiences that help them develop based on their own repertoire and latent potential, thereby building the capability to transform themselves and their surroundings.

All programs offered in São Paulo consists of citizenship workshops, vocational education workshops, and additional workshops. In Rio de Janeiro they comprise courses in basic skills, management skills (I, II and III), and specific skills.



## Programs

- **Training for Employability (São Paulo)** Basic knowledge in administration, focusing on management and communication.
- **Handyman (São Pulo)** Construction and building maintenance. This module teaches students how to build a house, including installation of plumbing and electrical systems, flooring and wall tiles, painting, and carpentry for formwork.

- **Beauty Space (São Paulo and Rio de Janeiro)**  
Training in hairdressing, makeup, manicure and pedicure, including knowledge about care of the body.
- **Vocational Training – Construction Module and Installation Module (Rio de Janeiro)**  
Services provided by Senai/RJ, responsible for technical supervision, pedagogy and certification of both modules.

In 2013 students taking the Beauty Space program had opportunities for practical experience, providing beauty parlor services to employees of BM&FBOVESPA as part of the commemoration of Women's Month, and to 68 seniors during Seniors' Week at CRI Norte (Centro de Referência do Idoso).

In April the BM&FBOVESPA Job Training Association featured in a story published by *Bons Flúidos* magazine (Editora Abril). Entitled "Grassroots Prosperity", it described the Handyman program as an opportunity to start a career in the construction industry, which is suffering from a scarcity of skilled labor.

The Job Training Association also hosted a Breakfast with Partners, which was attended by Tecnisa, Sherwin Williams and Hospital Samaritano.

## BVSA

With a format similar to a stock exchange, the Socio-Environmental Investment Exchange (BVSA) offers a portfolio of rigorously selected projects run by NGOs throughout Brazil for online donation in a secure and transparent virtual environment.

In 2013 BVSA listed five new projects run by Brazilian organizations, with budgets ranging from R\$30,000 to R\$100,000, and classified according to the eight Millennium Development Goals established by the UN: eradicate extreme poverty and hunger, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS, malaria and other diseases, ensure environmental sustainability, and develop a global partnership for development.

With official support from UNESCO, the website [www.bvsa.org.br](http://www.bvsa.org.br) currently has eight projects available for donation. More than R\$13.2 million has so far been raised via BVSA.

## BM&FBOVESPA Athletics Club

The BM&FBOVESPA Athletics Club fosters social inclusion, develops new talent, and is a home for professional athletes who constantly represent Brazil in major international competitions.

The Club maintains its principal group of athletes in the city of São Caetano do Sul (SP), where its Training Center and headquarters are located on a site granted by the city, but it also supports groups in Campinas and São José do Rio Preto.

The BM&FBOVESPA Athletics Club's Training Center was designed from scratch as a smart building, with an integrated complex comprising an indoor gymnasium, outdoor track and complete facilities for the athletes (weight room, physical therapy, nutrition, psychology, changing rooms, press room, administrative offices and storerooms).

In 2013 the BM&FBOVESPA Athletics Club won the Brazil Trophy for the 12th consecutive year. It was the overall champion with 564 points and the men's and women's champion with 37 medals (18 gold, 11 silver and 8 bronze). Its athletes were the best of the meet, set new South American and Brazilian records, and qualified for the World Championships.

Fourteen of the 32 athletes entered by Brazil for the IAAF World Championships in Moscow were from the BM&FBOVESPA Athletics Club, including Fabiana Murer, Mauro Vinícius (Duda), Marilson Gomes dos Santos, Thiago Braz, Augusto Dutra and Ana Claudia Lemos.

The Club's athletes took part in 102 competitions, 44 in Brazil and 58 abroad, and won 474 medals (389 and 85 respectively), of which 238 were gold (196 and 42).

FOTOS: AGÊNCIA LUZ



Carlos Chinin: South American decathlon record



Keila Costa: new Brazilian triple jump record



Duda: personal best of 8.31m in long jump



Fabiana Murer: season's personal best of 4.73m in pole vault

## Base Category Project

The Base Category Project initiates and trains athletes with the aim of complete development in sports starting at age 6 and potentially reaching high performance status.

The Junior Club, installed at the BM&FBOVESPA Sports & Cultural Center, offers classes for beginners in athletics with appropriate equipment for children aged 7-12.

Training for children and adolescents aged 12-18 aims to develop three poles that already work with athletics: Instituto Elisângela Maria Adriano (Iema) in São Caetano do Sul; Instituto Vanderlei Cordeiro de Lima (IVCL) in Campinas; and Associação Rio-Pre-tense de Atletismo (Arpa) in São José do Rio Preto.

## BM&FBOVESPA Sports & Cultural Center

Located in São Paulo City's Paraisópolis community, the BM&FBOVESPA Sports & Cultural Center fosters integral development for youngsters aged 6-18 through sports, art and culture. The Center houses the Norberto Bobbio Library with some 2,500 titles.

The main activities that took place there in 2013 are described below.

## Sixth Library Week

The staff of libraries and other institutions in the Paraisópolis community hold this annual event to

stimulate residents to read and take part in cultural activities. In 2013 the theme was the Culture of Indigenous Peoples. More than 350 children, youngsters and professionals engaged in social projects participated, including public school teachers.

## Eighth Culture Show

A grand science and culture expo organized by the main social organizations and public schools in the area, this event is supported by the BM&FBOVESPA Institute, which is also on the Organizing Committee. At the 2013 edition, 8,000 people attended 38 workshops featuring popular dances, visual arts, video-making, music, and performing arts.

## IBM lectures

Every year IBM volunteers present a series of lectures to interest young people in mathematics, engineering, science and technical careers. This year 42 youngsters from the Job Training Association and 37 from the BM&FBOVESPA Sports & Cultural Center took part.

## Em Ação

"In Action" is a social mobilization program for employees and others who work at the Exchange, set up to reaffirm and strengthen the company's commitment to the community

In 2013, "In Action Day" involved an intervention in the premises of the BM&FBOVESPA Sports & Cultural Center and a graffiti workshop with Zezão, an internationally recognized artist. Employees, interns and contractors and their families participated in the transformation of this space, which became more colorful and vibrant as a result of their activities.

For the second consecutive year the CEO of the Exchange, who is also the president of BM&FBOVESPA Institute, hosted an annual lunch to celebrate with volunteers and recognize the time and energy they donate during the year to the initiatives of the Em Ação program.

## Programs and projects 2013 <sup>501</sup>

Name	2013	2012	2011
<i>APBM&amp;FBOVESPA Job Training Association</i>	238 young participants in São Paulo and 254 in Rio de Janeiro.	217 young participants in São Paulo and 287 in Rio de Janeiro.	252 young participants in São Paulo and 287 in Rio de Janeiro.
<i>Socio-Environmental Investment Exchange (BVSA)</i>	R\$614,000 donated to 17 listed projects.	R\$473,000 donated to 15 listed projects.	R\$543,000 donated to 13 listed projects.  R\$64,000 donated to 16 new projects first listed in January 2012.
<i>BM&amp;FBOVESPA Athletics Club</i>	Team of 57 athletes.  Out of 32 athletes entered for the Moscow World Championships, 14 were from the Club, including Fabiana Murer and Marílson Gomes.  Twelfth consecutive win of Brazil Trophy.	Team of 79 athletes.  Out of 36 athletes entered for the London Olympics, 12 were from the Club, including Fabiana Murer and Marílson Gomes.  Eleventh consecutive win of Brazil Trophy, plus two Brazilian and two South American records.	Team of 89 athletes, including Fabiana Murer and Marílson Gomes.  Tenth consecutive win of Brazil Trophy, Interior Open Games and Regional Games.
<i>BM&amp;FBOVESPA Sports &amp; Cultural Center</i>	Average of 743 children and adolescent users, with 477 book loans to 181 people.	Average of 800 children and adolescent users, with 1,045 book loans to 232 people.	Average of 800 children and adolescent users, with 930 book loans to 309 people.

## 2013 Sustainability Milestones <sup>4.16</sup>

### January

#### Em Boa Companhia – Global Reporting Initiative (GRI) Workshops

Free workshops are offered by BM&FBOVESPA in partnership with GRI on the production of sustainability reports in accordance with GRI standards. Five workshops are held, with a total of 159 participants.

### February

#### 2012 Annual Report Published

For the fifth consecutive year BM&FBOVESPA publishes an integrated annual report with financial, social and environmental results according to GRI guidelines. The report is simultaneously presented at a meeting of the Brazilian Association of Capital Market Analysts & Investment Professionals (APIMEC).

### March

#### Em Boa Companhia – Inaugural ISE Workshop

The inaugural meeting of the 2013 ISE process is held on March 5. Announcements include the 2013 timetable of activities and the partnership with Imagem Corporativa, the agency that monitors news flows involving companies tracked by the ISE.

The importance and value of the ISE are discussed with executives and experts. Presentations covering concepts, case studies and initiatives by other exchanges around the world are delivered.

Some of the companies that disclosed their answers to the ISE questionnaire take part in a panel session on the advantages of transparency for investors, among other topics. The launch of the process is followed by a workshop on communication and sustainability for journalists and other media professionals.

### April

#### ISE Questionnaire Review Workshops

Activities conducted in partnership with the Getulio Vargas Foundation (FGV) include six workshops to re-

view the ISE questionnaire in the seven dimensions evaluated, and five thematic workshops.

#### IIRC Proposal Launched

On April 16 the International Integrated Reporting Council (IIRC), a global coalition that promotes the integration of financial, sustainability and governance information into mainstream corporate reporting, launches a proposed new international integrated reporting framework at BM&FBOVESPA and in nine other countries.

#### Sustainability Policy Approved

On April 4 the Board of Directors approves BM&FBOVESPA's Sustainability Policy, aligned with the company's main strategies and targeting internal and external stakeholders.

### May

#### Greenhouse Gas Inventory

BM&FBOVESPA's 2012 GHG inventory is published on May 5 during a Sustainability Week presentation. The inventory is checked by KPMG.

#### ISE face-to-face public hearing

A hearing takes place for public consultation regarding the 2014 ISE on May 10.

### June

#### ISE Workshop: Human Rights

A workshop is held on June 17 to discuss human rights in the corporate sphere, based on a UN report, with presentations covering the UN Guiding Principles on Business & Human Rights, the key concepts of ISO 26000 (Social Responsibility), and practical examples of diversity in business organizations.

The workshop is inspired by the 2011 report presented to the UN by Special Representative John Ruggie, who proposed the Protect, Respect and Remedy Framework.

#### ISE Workshop: Economic-Financial Dimension

A workshop called Challenges of the Economic-Financial Dimension is held on June 18 to discuss business management aiming at the long term, one of the most challenging aspects of sustainable development.

## Em Boa Companhia – Seminar on Corporate Reporting

On June 20 the Brazilian Business Council for Sustainable Development (CEBDS) and BM&FBOVESPA host the Brazilian Seminar on Corporate Transparency & Sustainable Development to discuss the state of the art in corporate reporting models, focusing specifically on the introduction of integrated reporting. The seminar is attended by representatives of several sectors from Brazil and abroad.

## July

### BM&FBOVESPA launches Sustainability Policy

The company begins internal and external dissemination of its Sustainability Policy. The policy is aligned with its strategic principles and applies to all employees, interns, trainees and other staff, as well as stakeholders. Its aim is to formalize guidelines for action on the theme.

Its structure is divided into four pillars — environmental, corporate governance, market, and social – plus a new mission: “Promote sustainability and private social investment aligned with strategy, contributing to the institutional strengthening of BM&FBOVESPA”.

### Em Boa Companhia – GRI Post-Conference

A GRI post-conference meeting is held in partnership with BM&FBOVESPA on July 29 to present and discuss changes to the requirements for defining the structure and content of G4 GRI sustainability reporting.

## August

### Report or Explain Update

The number of companies publishing sustainability reports or explaining why not has increased by 90, which represents growth from 45.31% to 66.29% in the proportion of companies joining the Report or Explain initiative.

## October

### Greenhouse Gas Emission Offset

BM&FBOVESPA offsets unreducible 2011 and 2012 GHG emissions by purchasing 7,148 carbon credits (or 7,148 metric tons of CO2 equivalent) created un-

der the Koyoto Protocol Clean Development Mechanism (CDM) and known as Certified Emission Reductions (CERs). The credits purchased come from small-scale renewable energy projects registered with the UN.

### Em Boa Companhia – Report or Explain Workshop

A workshop called Sustainability: A Strategic and Urgent Agenda is held on October 7 to encourage sustainability reporting and clarify doubts on the topic.

### PRI in Person

BM&FBOVESPA takes part in the annual conference of the UN-supported Principles for Responsible Investment (PRI), held at Cape Town, South Africa.

### 53rd General Assembly and Annual Meeting of the World Federation of Exchanges (WFE)

BM&FBOVESPA participates in a panel session at the Mexico meeting to launch the Sustainable Stock Exchanges State of Disclosure Report.

## November

### COP-19

BM&FBOVESPA participates in the 19th UN Climate Change Conference, COP-19, at Warsaw, Poland, on November 18-22, as an observer with the Brazilian delegation led by the Ministry of Foreign Affairs. The conference brings together negotiators from 195 countries to discuss ways to address the problems caused by global warming.

### 30th Annual Session of ISAR (International Standards of Accounting & Reporting)

Launch of Best Practice Guidance for Policymakers & Stock Exchanges on Sustainability Reporting Initiatives, November 6-8, Geneva, Switzerland. Translated into six languages, the official UN document is the first initiative deriving from the agreement established by Sustainable Stock Exchanges (SSE), to which BM&FBOVESPA is a signatory.

### 2014 ISE Seminar

A seminar called The Impact of Sustainability on Reputation and Investor Decisions presents the ninth ISE portfolio, to remain in force between January 6, 2014, and January 2, 2015. The event is attended by 168 people.

### X ray of 2014 portfolio

The new portfolio comprises 51 stocks issued by 40 companies, representing 18 sectors and worth an aggregate R\$1.14 trillion in market cap, equivalent to 47.16% of the total market value of the companies listed on BM&FBOVESPA (based on closing prices on November 26, 2013).

All but one of the 37 stocks in the 2013 portfolio were reselected for the 2014 portfolio. In 2013, 22 of the 40 companies represented by the new portfolio authorized disclosure of their questionnaire answers (14 out of 37 in 2012).

The ISE process was again externally audited by KPMG, which helped make it even more credible.

## December

### Social Responsibility Day

The Exchange donates part of the fees earned on a day's equity trading to the private social investment projects listed on BVSA. In annual terms 50% of its donations are distributed equally to all projects and 50% to the projects chosen by brokerage houses via a voting hotspot.

### ISE 2014 portfolio by numbers

- **100%** of the companies in the portfolio publish sustainability reports.
- **95%** use the GRI guidelines as a basis for their sustainability reports.
- **93%** maintain the direct involvement of top management in the production of their sustainability reports.
- **100%** have formally inserted a commitment to sustainable development in their strategies.
- **98%** have programs to raise awareness and educate the public on sustainable development.
- **95%** have a Sustainability Department that reports to top management.
- **58%** have a Sustainability Committee that reports to the Board of Directors.

# MARKET STRENGTHENING

BM&FBOVESPA: promoting liquidity and security for investors

## State-of-the-art technology

BM&FBOVESPA invests continuously in new technology and launches products and services to offer instruments that are more effective and secure, and to increase liquidity for investors and participants in its markets.

In 2013 BM&FBOVESPA unveiled its new Operations Control Center, assuring faster and more efficient communication to meet the needs of participants.



The new Operations Control Center was named Arminio Fraga Neto in recognition of the leadership and valuable contributions made by the outgoing Chairman of the Board.

The highlights in 2013 were completion of the certification stages of the clearinghouse integration project and of migration from Mega Bolsa to the BM&FBOVESPA PUMA Trading System, the launch of iBalcão, new contract launches, changes to the Ibovespa methodology, the preparation of proposals to facilitate IPOs by small and medium enterprises, a program of incentives to attract more individual investors, and pricing policy changes.

## Clearinghouse integration

The post-trading integration project is a BM&FBOVESPA initiative to create an integrated clearinghouse, which will consolidated the activities of its four existing clearinghouses – equities, derivatives, bonds and foreign exchange – into a new unified platform.

The introduction of new technologies, concepts and solutions is revolutionizing important services provided by the Exchange and enhancing the company's competitiveness in the global arena.

One of the highlights of this project is CORE (Close-Out Risk Evaluation), a system developed to minimize the risks to which a central counterparty is exposed while maximizing efficiency and robustness.

The new unified platform is extremely secure and robust, and based on a faster data processing architecture with the capacity to process more than 10 million trades per day and calculate risk in real time.

The migration process will involve one clearinghouse at a time, with the new platform taking over operations and positions for the clearinghouse concerned, after which it will be deactivated. The derivatives segment will be first, followed by equities. The requirements for foreign exchange and bonds are being considered and may potentially entail a later supplementary phase.

In 2013 a survey was conducted to check the stage of participant preparedness with regard to the development of the new clearinghouse (derivatives segment) and to provide input for preventive action, support and risk mitigation. Implementation of the derivatives phase is planned for the first quarter of 2014.

Clearing activities involve several areas of the Exchange, such as settlement, risk control, collateral management, pricing, the central securities depository, registration, the integrated broker management system (SINACOR), and IT. This means the projects are interrelated and occur simultaneously.

All information on BM&FBOVESPA's post-trading integration project is available from the website <http://ipn.bmfbovespa.com.br>.

## PUMA Trading System

The multi-asset trading platform developed in partnership with CME Group is one of the linchpins of BM&FBOVESPA's growth, since it will replace all existing trading systems with far higher processing capacity than current market levels.

In 2013 the migration of equities and equity derivatives trading from Mega Bolsa to the BM&FBOVESPA PUMA Trading System was finalized as planned. Mock trading sessions were held throughout the year to validate all solutions that interact with the PUMA Trading System, including internal and external tests.

As a result, all trading in derivatives, spot foreign exchange, equities and equity derivatives is integrated into a single platform with high processing capacity and very low order latency, which is world-class, with a round trip time (RTT) of less than 1 millisecond.

## iBalcão

In 2013 BM&FBOVESPA began registering over-the-counter derivatives trades with iBalcão, its new OTC system. The first derivative available for registration is the Non-Deliverable Foreign Exchange Forward without the guarantee feature. Forwards in more than 20 currencies are available to participants in this market for registration with the new system. Registration can be retroactive, and orders can be corrected and cancelled.

## Operating efficiency

### Ibovespa methodology

In September 2013 BM&FBOVESPA announced changes to the Bovespa Index (Ibovespa) methodology for implementation in two stages. The portfolio that will be in force between January and April 2014 will be obtained using the average of the weightings defined on the basis of the old and new methodologies. From May 2014 the weighting system used for the index will be based solely on the new methodology.

The changes include free float weighting, reformulation of the negotiability index, new criteria for inclusion, permanence and exclusion, and a limit on the number of stocks issued by any one company to be included in the Ibovespa portfolio.

The documents "New Methodology for the Bovespa Index" and "Manual of Definitions & Procedures for BM&FBOVESPA Indices" are available from the website [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), in Markets, Equities, Indices, Bovespa Index – Ibovespa.

The changes align the methodology for the Exchange's flagship index with best practice in other countries and adapt the Ibovespa to current conditions in the capital markets, as well as making it more robust in light of the growth expected for Brazil.

## Initiatives for small and medium enterprises

Considering the importance of SMEs to the national economy and the challenges they face in pursuing sustainable forms of financing, representatives of government and the private sector have joined forces to discuss alternative ways of fostering the growth of SMEs via the capital markets.

In 2013 the Brazilian Industrial Development Agency (ABDI), the National Development Bank (BNDES), BM&FBOVESPA, the Securities & Exchange Commission (CVM) and the Brazilian Innovation Agency (FINEP) established the Small Offerings Technical Committee. The project was presented to the Finance Ministry in July.

## Program of incentives to attract more individual investors

To drive growth in the number of retail investors and encourage direct participation by individuals in the cash equity market as a means of disseminating a culture of investment and long-term savings, BM&FBOVESPA decided to grant a certain amount of credit to brokerage houses based on the number of new investors originated by these institutions, the balance of their custody holdings, and the length of time new investors trade through their accounts. The program entered into force on September 30, 2013, and is scheduled to end on September 30, 2018.

## Products and services

In 2013 BM&FBOVESPA intensified fixed-income operations by facilitating access to the bonds issued by the National Treasury via incentives for brokerage houses that distribute this product, and exempting investors from exchange fees when they trade federal government bonds.

In the variable income markets, the securities lending system (BTC) expanded thanks to the improvements made in the previous year, and the company intensified its market maker programs for options on other securities with high liquidity. It also stepped up the marketing of Real Estate Investment Funds (FIIs).

In response to market demand, Unsponsored Level I Brazilian Depository Receipts (BDRs) began trading in the exchange market.

Another highlight in 2013 was the launch of crystal sugar and anhydrous ethanol derivatives, making BM&FBOVESPA the world's first exchange to offer the productive sector a complete portfolio of sugar-energy commodities; and of new derivatives referencing the average rate for one-day repurchase agreements, backed by federal government bonds.

The following products were launched in 2013:

- Cash-Settled Crystal Sugar Futures Contract
- Anhydrous Fuel Ethanol Futures Contract with Physical Delivery
- Futures Contract Referencing the Average Rate for One-Day Repurchase Agreements (OC1)
- Call Option on the Index of the Average Rate for One-Day Repurchase Agreements (ITC)
- Put Option on the Index of the Average Rate for One-Day Repurchase Agreements (ITC)
- U.S. Dollar Spread Futures Contract Referencing One-Day Repurchase Agreements (DCO)
- U.S. Dollar Swap with Reset Referencing One-Day Repurchase Agreements (SCS)
- Forward Rate Agreement on One-Day Repurchase Agreements Structured Transaction (FRO)
- Foreign Exchange Forward
- Cash-Settled Mini Crude Oil Futures Contract Based on CME Group Light Sweet Crude Oil (WTI) Futures Contract

## Market makers

Market makers are participants who undertake to guarantee minimum liquidity and facilitate price discovery for a certain number of assets accredited for this purpose, playing a key role in the efficiency of the capital markets.

In 2013 BM&FBOVESPA held competitive biddings to select market makers for the following products:

- Cash-Settled Crystal Sugar Futures Contract
- Cash-Settled Hydrous Ethanol Futures Contract
- S&P 500 Futures Contract Settled in Cash to the CME Group S&P 500 Quotation
- Cash-Settled Mini Crude Oil Futures Contract Based on CME Group Light Sweet Crude Oil (WTI) Futures Contract
- Options on the Stocks of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (BVMF3), and Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas (USIM5)
- Options on the Stocks of Companhia Siderúrgica Nacional (CSNA3), PDG Realty S.A. Empreendimentos e Participações (PDGR3), and Cyrela Brazil Realty S.A. Empreendimentos e Participações (CYRE3)
- Options on the Stocks of OGX Petróleo e Gás Participações S.A. (OGXP3), and Itaú Unibanco Holding S.A. (ITUB4)
- Options on the Stocks of Banco Bradesco S.A. (BBDC4), Gerdau S.A. (GGBR4), and Banco do Brasil S.A. (BBAS3)
- Options on Bovespa Index (IBOV)

### Resumption of IPOs

For the equity market BM&FBOVESPA offers four special listing segments: Novo Mercado, Corporate Governance Levels 1 and 2, and Bovespa Mais, each with specific corporate governance requirements in addition to the mandatory standards established by Brazilian corporation law (Lei das SAs).

Em 2013, 10 companies made initial public offering and three more companies listed on Bovespa Mais – Altus Sistema de Automação, Cia. Águas do Brasil, and Nortec Química.

### Market development events

BM&FBOVESPA constantly holds conferences, lectures, seminars, forums and workshops to strengthen the markets it manages. The 2013 highlights included the following events:

FOTOS: AGENCIA LUZ



ALTUS



ALUPAR



ANIMA



BIOSEV



BB SEGURIDADE



CPFL



CVC



LINX



NORTEC QUÍMICA



SER EDUCACIONAL



SMILES



TUPY

# MARKET STRENGTHENING

- Risk Management and Commodity Trading Conference
- International Conference on Corporate Governance
- IPO Forum
- IPO Immersion Course
- Ibero-American Federation of Exchanges (FIAB) Seminar
- Seminar on CVM Guidance for Public Companies
- Seminar on Outlook for Agribusiness in 2013-14
- Workshop on Integrated Reporting – Outlook and Role of IR
- Workshops on BDRs, ETFs and Securities Lending

## Pricing policy

BM&FBOVESPA has been making efforts to enhance its Pricing Policy in order to assure an even more competitive product offering, increase the liquidity of its markets and attract new investors.

## Treasury Direct

To foster investment in Treasury Direct, BM&FBOVESPA ceased charging the 0.01% exchange fee on purchases of federal government bonds as of January 2, 2013.

## Equities and fixed income

In the Bovespa segment, BM&FBOVESPA lowered the exchange fee for trading in the cash equity market, extending to all day traders the volume band discount policy hitherto applicable to high-frequency traders (HFTs).

Per-volume exchange fees were also gradually reduced across the board, benefiting all investors.

In the fixed-income market, changes were made to the public offering registration analysis fee, the permanence, custody and account maintenance fees, and the exchange fee for new fixed-income security issues in October 2013.

The changes were implemented in two stages, the first in April and the second in December 2013.

## Issuers

In 2013 BM&FBOVESPA published a new Pricing Policy for Issuers, changing some operational procedures and fees but not raising any prices then in force.

## OTC market

BM&FBOVESPA also decided to make changes to the prices charged in the organized over-the-counter (OTC) market. Exchange fees and settlement fees were altered to assure better alignment with the prices charged in the exchange market. The changes published will enter into force for transactions performed as of January 2014.

## Market data feed

The Exchange waived the fee for the BM&F segment market data feed solely to non-professional customers or brokerage houses and distributors, such as “home broker” online trading systems and small devices (tablets, smartphones etc.), between June and December 2013.



With 800 attendees, a Seminar on the Outlook for Agribusiness in 2013-14 was held by BM&FBOVESPA and the Agriculture Ministry in São Paulo.



# EDUCATION AND MARKETING THE MARKETS

INSTITUTO EDUCACIONAL **BM&FBOVESPA**  
A Nova Bolsa

## Bem-Vindos | Welcome

5º andar | 5<sup>th</sup> floor

Secretaria | Administrative Office

Biblioteca José Ulpiano de Almeida Prado |  
José Ulpiano de Almeida Prado Library

Centro de Memória | Corporate Archives

Salas de Aula 1, 2 e 3 | Classrooms 1, 2 and 3

BM&FBOVESPA:  
disseminating knowledge  
to thousands of people

### BM&FBOVESPA Educational Institute

Since 1987 the BM&FBOVESPA Educational Institute has been the leading center of capital markets education for the Brazilian economy. It has trained more than 50,000 people in the period.

In line with the company's strategy of fostering a culture of long-term investment, and with its commitment to bringing investors and issuers together in a single environment, the BM&FBOVESPA Educational Institute acts to develop the financial markets by means of education and training.

Targeting a wide variety of groups, from beginners in investment to executives, the Educational Institute's courses range from introductory concepts to the most complex solutions for the training of professionals.

Its knowledge base originates in BM&FBOVESPA's various fields of expertise, and the solutions it offers encompass both continued education for financial market professionals and the development of companies, based on the principles of best practice in corporate governance and sustainability.

In addition to acting as the main center of education and training for its markets, the BM&FBOVESPA Educational Institute offers two free MBA courses for market professionals: an MBA in Capital Markets & Derivatives, and an MBA in Financial Risk Management. In partnership with UBS Business School, it also offers an MBA in Economics, Financial Information & Capital Markets for Journalists, for media professionals who specialize in covering economic, financial and business affairs.

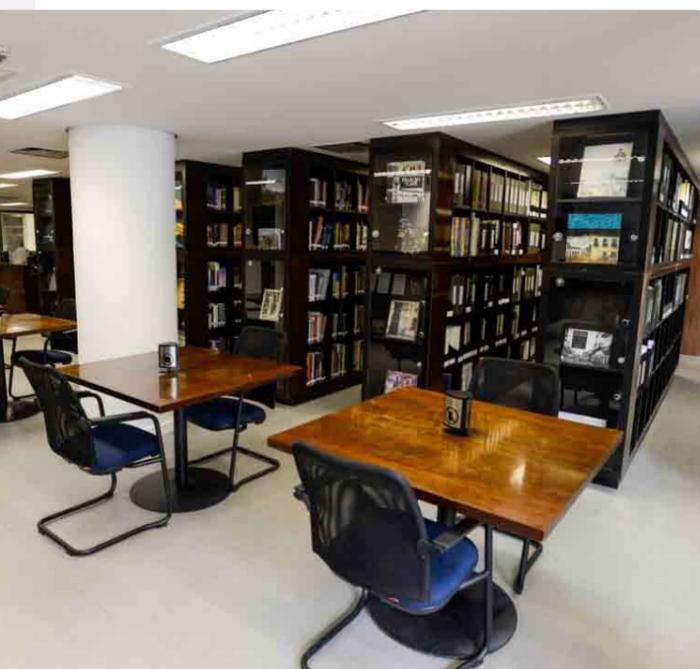
In 2013 the Educational Institute hosted the Sixth International Financial & Capital Markets Conference. More than 700 people took part in the leading event of its kind in Latin America, placing Brazil in the forefront of the debate on global economic trends.

ROBERT SHILLER / AGÊNCIA LUZ



Robert Shiller, Nobel Economics Laureate in 2013, addresses the Sixth International Financial & Capital Markets Conference.

The Educational Institute seeks to introduce course participants to the most innovative elements in knowledge of the financial markets. It has its own faculty of experts and an infrastructure of classrooms and study labs. Its library has a large collection and computerized access to facilitate the work of researchers. It also has a Memory Center, responsible for documenting, safekeeping, conserving and disseminating the history of BM&FBOVESPA.



In 2013 the BM&FBOVESPA Educational Institute moved to new premises with more modern classrooms and integrated spaces.

## BM&FBOVESPA Educational Institute's operating segments

### Financial education

Education is a major driver of the nation's development. For this reason the BM&FBOVESPA Educational Institute devotes significant efforts to programs and projects in which information and financial education are key words, including Educar, Dinheiro no Bolso, and TV Educação Financeira (videos available from YouTube), as well as simulators and online and face-to-face courses.

### Capital and derivatives markets

Education, training and specialization for professionals in the financial services industry (brokerage houses, banks, investment funds and companies). The offering also includes specific training courses to operate the systems managed by the Exchange and to impart the skills professionals require in order to perform in compliance with the standards of excellence demanded by the markets.

### Companies

Specializing in the education and training of professionals who operate in the markets managed by BM&FBOVESPA, the Educational Institute offers a range of products tailored to the needs of companies and staff in terms of content, workload and methodology, including face-to-face, distance and mixed delivery courses, training sessions, seminars, presentations, and 100% customized in-company training.

### Certification

The BM&FBOVESPA Educational Institute offers certification of brokerage house professionals in back office, risk management, compliance, trading, sales and technology. This certification is one of the requirements of the Operational Qualification Program (PQO).

The number of participants in the courses delivered by the Educational Institute in 2013 totaled 10,796.

Courses/programs	No. of courses	Participants
Online	513	4,069
PQO certification	96	2,506
In-company	49	1,665
Face-to-face	67	1,194
Por Dentro da Bolsa	69	1,056
MBA	1	21
<b>Total</b>	<b>807</b>	<b>10,796</b>

## Main financial education programs

**Visits to the Exchange** – Located on the ground floor of the building on Rua XV de Novembro, the Raymundo Magliano Filho Visitor Center welcomes 450 people a day on average. Visitors watch a 3D institutional video, presentations and a mock trading session. The number of visitors totaled 97,039 in 2013.



**BM&FBOVESPA Vai até Você** – True to its name, the "BM&FBOVESPA Goes Where You Are" program consists of visits to institutions (companies, universities and associations), trade shows and other events to disseminate information about the investment options offered by the Exchange. In 2013 the program benefited 5,721 people.

**Desafio BM&FBOVESPA** – A challenge competition that simulates the capital markets for students of public and private high schools throughout São Paulo State. The project has involved more than 15,000 people since its creation. In 2013 the number of schools enrolled reached 373 and the number of participants was 1,907.



**Educar** – This program, whose name means "Educating", delivers financial education lectures and courses free of charge to different audiences of children, youth and adults. Its 325 courses had 14,940 participants in 2013.



**Turma da Bolsa** – "Exchange Kids", consisting of a financial education portal for children and programs aired by the Futura TV channel, ended 2013 with 8,582 registered children and recorded 7,461 visits.

FOTOS: AGÊNCIA LUZ



**Courses and institutional presentations** – In addition to Educar, the Exchange offers online courses on personal finance and the stock market, as well as institutional presentations. The tables below show the numbers of participants and accesses in 2013.

### Institutional presentation attendees

Primary school students	100
High school students	2,650
University students	6,326
Companies	1,318
General public	2,744
<b>Total</b>	<b>13,138</b>

### “How to Invest in Shares” course participants

<b>Total</b>	<b>7,236</b>
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### Online course accesses

Financial Education & Personal Finance	73,127
Stock Market	67,340
<b>Total</b>	<b>140,467</b>

### Online chat participants

<b>Total</b>	<b>589</b>
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**Simulators** – The Exchange has created simulators in partnership with several institutions to enable anyone to learn how to invest in stocks, bonds or derivatives, and how to diversify and grow a portfolio. The user receives a virtual amount of cash and can simulate securities trades in real time, create an investment portfolio, and win prizes.

Simulator	No. of participants
Futures	90,873
Folhainvest	906,807
Uol Invest	293,578
<b>Total</b>	<b>1,291,258</b>



**Dinheiro no Bolso** – “Money In Your Pocket”, a TV program in competition format for young people produced by Futura channel in partnership with BM&FBOVESPA, encourages the new generations to consume consciously and manage their assets responsibly, transmitting concepts in economics, finance, investment, the stock market, credit and entrepreneurship in an attractive and playful manner.

### Marketing the markets

BM&FBOVESPA is a benchmark in the production of material on the markets it manages, and develops an array of products offering information about these markets.

**Publications** – BM&FBOVESPA produces several electronic bulletins with different types of information on its markets and indexes. Users can register to receive email notifications when bulletins are available on the website.

The Exchange also periodically publishes educational leaflets about its markets and services, supporting material for the various courses it offers, and the *Nova Bolsa* magazine, as well as the Annual Report.

All this material can be accessed on the website [www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), in BM&FBOVESPA, Publications.



**Digital communication** – The company’s website ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br)) offers information on the Exchange’s products and services for investors and the main participants in its markets, as well as content for the general public and potential investors. In 2013 it recorded 21,464,627 visits.

BM&FBOVESPA also offers a wealth of audiovisual material via YouTube ([www.youtube.com/bmfbovespa](http://www.youtube.com/bmfbovespa)) on financial education and the products traded in its markets. The videos posted to this channel were viewed 550,180 times in 2013.

Facebook users are offered financial education and sustainability tips, the Educational Institute’s syllabus, recommended videos etc. The number of followers on Facebook, Twitter and LinkedIn totaled 231,582 in 2013.

Several free apps can be downloaded from BM&FBOVESPA’s website with information on its markets, real-time indexes, stock quotes, commodities and futures, as well as charts and news ([www.bmfbovespa.com.br](http://www.bmfbovespa.com.br), in Services, Information Services). The apps are also available from all the main social networks.



### Awards and competitions

BM&FBOVESPA continuously encourages activities that contribute to the dissemination and development of the Brazilian market. The following initiatives are worth highlighting in this context.

**BM&FBOVESPA Journalism Awards** – Created in 1988 to recognize the media’s contribution to the development of the capital and derivatives markets in Brazil.

In 2013, submissions to the 25th edition of the BM&FBOVESPA Journalism Awards comprised 135 stories produced by 93 professionals and published by 30 vehicles in several states.

Six journalists won awards in five categories: Newspapers São Paulo/Rio de Janeiro; Magazines São Paulo/Rio de Janeiro; Print Media Other Capitals & Interior; Online Media; and Derivatives.

**Press Awards** – An initiative of the Education Advisory Committee, these awards recognize the role of the press in disseminating information about the capital markets and explaining to the general public why they are important. The information on risks, opportunities and rights published by the press help people make better-informed investment decisions.

Stories published during the period specified in the rules compete for awards to journalists in three categories: Newspapers, Magazines, and Digital Media. Winners are announced annually. Contestants must enroll via the committee’s website ([www.comite-deeducação.cvm.gov.br](http://www.comite-deeducação.cvm.gov.br)). The eighth edition was held in 2013.

**CVM & BM&FBOVESPA Essay Competition** – For young university students enrolled in undergraduate courses recognized by the Education Ministry (MEC), rewarding academic production and encouraging research on the capital markets.

# ENVIRONMENTAL PERFORMANCE

## BM&FBOVESPA: example of climate change strategies

Adopt best management practices to climate change is a major priority for BM&FBOVESPA. The company monitors water and energy consumption, greenhouse gas emissions and waste reduction on a monthly basis to mitigate its environmental impact.

### Greenhouse gas emissions (GHG)

In 2010 BM&FBOVESPA produced its first inventory of greenhouse gas emissions using 2009 data and began reporting GHG to the Carbon Disclosure Project (CDP). The 2012 inventory was made available in May 2013, testifying to the company's commitment to assuring the progress of corporate climate change initiatives.

The inventory covered all member companies of the BM&FBOVESPA group, and was checked by KPMG.

GHG emissions totaled 4,303.2 metric tons of CO<sub>2</sub>e in 2012. The company again posted its 2012 GHG inventory to the Public Emissions Registry, an initiative of Brazil's GHG Protocol Program, again winning a Gold Seal for filing a complete inventory verified by an independent third party (<http://registropublicoemissoes.com.br>).

The inventory showed that the use of generators remained the main stationary source of direct GHG emissions, accounting for 87% of the total. There were no material changes in emissions of natural gas and LPG.

Emissions from fire extinguishers and cooling gas were calculated on the basis of the amount of gas used to recharge equipment in the buildings on Rua Florêncio de Abreu and Praça Antonio Prado.

It should be noted that cooling gas is recharged every two years. The last recharge was in 2012, when in addition a certain amount of HFC-125 was accidentally released from the clean agent system on the site where the new data center is being built. These two factors explain why HFC-125 gas accounted for such a large proportion of Scope 1 emissions (73.9%).

Own fleet emissions were calculated by taking fuel expenditure and estimating average consumption in liters. Emissions from electricity consumption rose 9.56% compared with 2011, owing to expansion of the national grid (the mean factor was 0.0292 tCO<sub>2</sub>e/MWh in 2011 and was altered to 0.0653 tCO<sub>2</sub>e/MWh in 2012).

The main sources of Scope 3 emissions identified were third-party logistics, air travel, employee commuting, taxis, and mileage refunds.

Emissions due to executive air travel and mobile sources accounted for the largest proportion (95.97%), followed by fugitive emissions (2.48%) and waste management (1.55%). [EN29](#)

In 2013 there were no fines or non-monetary sanctions for non-compliance with environmental laws and regulations. [EN28](#)

The 2013 GHG inventory has not yet been produced. The process is scheduled to begin in January 2014, and the results will be available in May.

## Initiatives to mitigate environmental impact in 2013 [EN18](#); [EN26](#)

### Emission offsets

BM&FBOVESPA reiterates its commitment to reduce GHG emissions voluntarily. As in previous years, in 2013 the company did not establish a reduction target but undertook a number of initiatives to reduce or optimize emissions.

GHG emissions that cannot be reduced are offset annually. This initiative is retroactive to 2011 and 2012, and is also geared to fostering best practice in sustainability among listed companies.

In 2013 BM&FBOVESPA offset unreducible 2011 and 2012 GHG emissions by purchasing 7,148 carbon credits (or 7,148 metric tons of CO<sub>2</sub> equivalent) cre-

ated under the Koyoto Protocol Clean Development Mechanism (CDM) and known as Certified Emission Reductions (CERs).

The credits purchased by BM&FBOVESPA were generated by the following small-scale renewable energy projects registered with the UN:

- Central Energética do Rio Pardo – Cogeneration Project (Cerpa)
- BT Geradora de Energia Elétrica S.A. – Ferradura Small Hydro Power Plant
- Araputanga Centrais Elétricas S.A. – Arapucel Small Hydroelectric Power Plants Project
- Rialma Companhia Energética III S.A. – Santa Edwiges III Small Hydro Power Plant

GHG emission offsetting is one more step in the process begun in 2009, when the Exchange produced its first GHG inventory to identify, manage and reduce the environmental impact of its activities and contribute voluntarily to the global effort to achieve climate stability.

### Taxi policy

BM&FBOVESPA's policy restricting the use of taxis has significantly reduced annual CO<sub>2</sub> emissions by this source, from 86.04t (493,048.1 per km traveled) in 2011 to 66.38t (380,037.4 per km) in 2012 and 66.09t (378,675 per km) in 2013.

### Outsourcing of printing

Developed in the previous year, the project to outsource printing yielded significant results in terms of a reduction in paper consumption in the buildings on Praça Antonio Prado and Rua XV de Novembro.

At end-2013 both had only 63 printers, compared with 179 before the project was implemented. Annual paper consumption fell by 42.17% or 164,459 pages, from 390,919 to 225,560 – 20,643 in color (9.15%) and 204,918 in gray scale (90.85%).

Most documents are printed on both sides of the page and in monochrome. Employees must touch a proximity reader with their ID badge to release print jobs, which are deleted from the queue after 60 minutes to avoid waste.

### Annual Report

For the fifth consecutive year the company is publishing an integrated annual report according to GRI guidelines, featuring financial results alongside socio-environmental data and information on corporate governance, sustainability and management best practice.



### Environmental performance indicators

#### Indirect energy consumption by primary energy source (in gigajoules) [EN4](#)

Fonte de energia	2013	2012	2011
Energy source	83.618	81.478	79.696

#### Energy saving due to conservation and efficiency improvements (in gigajoules) [EN5](#)

Improvements	2013	2012	2011
Deactivation of extra bulbs on stairs in Praça Antonio Prado and Rua XV de Novembro buildings	210	210	210
Deactivation of an elevator in Praça Antonio Prado building during offpeak hours	21	21	21
Rules on weekend use of air conditioning	92	92	92
Replacement of halogen with LED bulbs – Raymundo Magliano Filho Visitor Center (Rua XV de Novembro)	53	27	-
Installation of photocells for staircase lighting – Rua XV de Novembro building and Rua João Brícola entrance (Praça Antonio Prado)	11	-	-
Deactivation of extra bulbs on facade of Praça Antonio Prado building and in colocation area	72	-	-
<b>Total</b>	<b>459</b>	<b>350</b>	<b>323</b>

## Total volume of water withdrawn by source EN8

	2013	2012	2011
Total water consumption (m3/year)	37.758	39.479	41.659

Sole source is water utility (Sabesp).

## Direct and indirect GHG emissions and electricity consumption – Scopes 1 & 2 (in metric tons of CO2) EN16; EN19; EN20

	2012	2011	2010
Electricity	1,631.24	675.79	1,024.10
Fire extinguishers	1.92	1.53	24.94
Own fleet	11.30	12.33	9.68
Natural gas	6.12	6.09	5.17
Cooling gas	482.84	282.36	86.6
Generators	71.23	42.82	28.47
LPG	0.88	0.88	0.70
<b>Total direct and indirect emissions (tCO2e)</b>	<b>2,205.53</b>	<b>1,021.80</b>	<b>1,179.66</b>

### Notas

- O inventário de emissões de GEE de 2013 ainda não foi elaborado, pois o processo começará em janeiro de 2014. O resultado estará disponível a partir de maio.
- Consumo de 482,84 tCO2e de gases refrigerantes em 2012 referente ao gás refrigerante R-22, que, apesar de considerado um GEE, não é incluído no Protocolo de Quioto por já ser regulado pelo Protocolo de Montreal, que restringe emissões de gases prejudiciais à camada de ozônio.
- Quaisquer emissões de GEE decorrentes de operações fora do território nacional são de relato opcional e desagregado no Registro Público de Emissões do Programa Brasileiro GHG Protocol. Desta forma, as emissões de Escopo 2 da BM&FBOVESPA contemplam emissões ocorridas em outros países onde a companhia possui instalações. Em 2011, as emissões apresentadas representam somente a parcela referente ao Brasil.
- A BM&FBOVESPA não emite nenhuma substância destruidora da camada de ozônio, de NOx nem de SOx.

## Indirect GHG emissions – Scope 3 (in metric tons of CO2) EN17

	2012	2011	2010
Employee commuting	646.04	509.71	386.13
Mileage refunds	0.076	2.22	2.58
Third-party logistics	3.2	3	38.33
Taxis	59.5	72.81	65.8
Air travel	1,388.82	1,358.78	1,242.30
<b>Total indirect emissions</b>	<b>2,097.64</b>	<b>1,946.52</b>	<b>1,735.14</b>

The 2013 GHG inventory has not yet been produced. The process is scheduled to begin in January 2014, and the results will be available in May.

## Total weight of waste by type and disposal method EN22

### Non-hazardous waste (in metric tons)

Type	2013		2012		2011	
	Disposal	Weight (t)	Disposal	Weight (t)	Disposal	Weight (t)
Restaurants, organic & non-recyclable (WCs)	Landfill	102.9	Landfill	110.5	Landfill	100.4
Recycling	Sold	60.2	Sold	81.0	Sold	82.0
<b>Total</b>	<b>163.1</b>		<b>191.5</b>		<b>182.4</b>	

### Hazardous waste (in metric tons)

Type	2013		2012		2011	
	Disposal	Units	Disposal	Units	Disposal	Units
Toner cartridges (units)	Returned	187	Returned	219	Returned	292
Bulbs (units)	Decontaminated	4,155	Decontaminated	6,969	Correct disposal	1,835
<b>Total units</b>	<b>4,342</b>		<b>7,188</b>		<b>2,127</b>	

Type	2013		2012		2011	
	Disposal	Weight (t)	Disposal	Weight (t)	Disposal	Weight (t)
Batteries (weight)	Correct disposal	0.0861	Correct disposal	0.0873	Correct disposal	0.0800
Outpatient clinic (weight)	Incinerated	0.0480	Incinerated	0.0333	Incinerated	0.0189
<b>Total peso</b>	<b>0.1341</b>		<b>0.1206</b>		<b>0.0989</b>	

### Notes

- Copiers and printers are leased. Toner cartridges are returned to the leasing company, which is responsible for final disposal.
- Bulbs are counted by unit, not by weight.
- Batteries are left in electronic waste collection and recycling bins belonging to C&A stores, which send them to contractors who specialize in decontamination.
- Healthcare waste from outpatient clinics is collected by the municipal government, which is also responsible for incineration.
- Correct disposal: batteries and bulbs are sent to firms that specialize in decontamination before disposal.
- BM&FBOVESPA also disposed of 170 liters of cooking oil in 2013.

# OPERATIONAL AND FINANCIAL PERFORMANCE

BM&FBOVESPA:  
investments in products  
and new technology to  
strengthen its strategic  
position

The markets, products and services operated by BM&FBOVESPA had important developments throughout 2013. The stock market has seen a boost in trading activity which led to record high value traded in the wake of an upsurge in turnover velocity and despite an unmoving equity market capitalization. In contrast, while the volumes traded in financial and commodity derivatives were somewhat subdued, the average rate per contract (RPC) went up, raising revenues, primarily because a substantial portion of the volumes correlate with contracts for which we charge U.S. dollar-denominated fees, so that ultimately these revenues were positively influenced by the depreciation of the Brazilian real against the U.S. dollar.

A striking note of market performance over the year was that while in the first half of 2013 value traded in cash equities as well as volume traded in financial and commodity derivatives hit record highs, in the second half of the year trading value and volumes plummeted, unveiling a turnabout in the market mood triggered by sinking risk appetite and deteriorating market expectations, as hot money outflows increased.

Ultimately, diversified revenue base and innovation in products and services offerings, including securities lending services, exchange traded real estate funds (FII's), Treasury Direct services, agribusiness credit bills (LCAs), besides the impact of the market making program for options on single stocks and R\$23 billion worth of capital raised from equity offerings, the largest outcome in three years, led to a growth of 3.5% in the total revenue over 2012.

Moreover, in 2013 we continued to execute our business strategy and in doing so implemented a number of projects and initiatives aimed to support our future growth and strengthen our competitive position. For example, over the year we made significant headway

in advancing our R\$ 1.5 billion capital expenditure plan (2010-2015), with the delivery of our PUMA Trading System and the start of readiness tests for the derivatives module of the clearing and settlement system developed for our new integrated clearing facility, which is set to implement in the first half of 2014.

As for our market develop plans, a milestone over the year was releasing the new methodology for the Bovespa Index (Ibovespa), which is set to be implemented based on a two-phased approach. As the stock market benchmark index, the Bovespa Index has a unique strategic importance for it provides the basis for a number of other exchange-traded products and multiple trading and investment strategies. Additionally, we are moving forward with the process of revising the pricing policies for markets we operate, introducing new price schedules and broker incentives, especially day traders.

Once again, our unwavering commitment towards controlling costs and expenses drove us to successfully contain the build-up in adjusted expenses below the average inflation rate. In addition, we continue to pledge steadfast commitment towards returning higher rates for shareholders by combining cash distributions and share buybacks effectively and without affecting our solid financial position.

The BM&FBOVESPA shares (BVMF3) fell 21.0% year-on. This performance is aligned with Ibovespa variation in 2013, which tumbled 15.5%, reflecting market uncertainties about the lackluster economic landscape, particularly in the second half of the year.

Last, but not least, BM&FBOVESPA is well-positioned to capture future growth opportunities the Brazilian market will certainly continue to offer, though it must be said the economic outlook as 2013 came to a close became more challenging in light of the present macroeconomic conditions in Brazil and overseas, of investor sentiment and current flow of investment money, all of which adversely affects investors and market participants. Nonetheless, we believe our investments in product development and technology infrastructure are key factors for the future growth and diversification of our revenue base, for the improvement of our services, and will be critical in consolidating the efficiency and strength of the Brazilian capital markets. It is our firm belief the development and implementation of our business strategy will continue to bear fruit in the years ahead.

## Operating performance

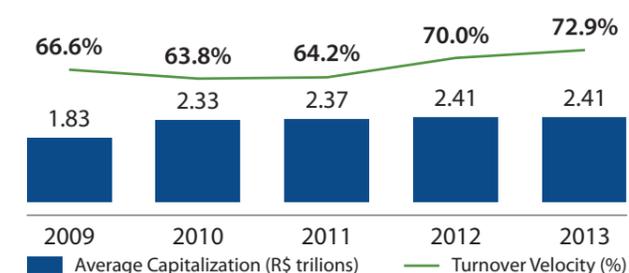
### Bovespa Segment

The value traded in the stock market and equity derivatives markets (options and forwards) established a new all-time record in 2013, reaching an average of R\$7.4 billion per day, an increase of 2.3% year-over-year. The analysis of average daily trading value for the last five years shows compound annual growth rate shot up 8.8%.

The performance of the cash equity market, with a 3.4% year-on rise, was the primary driver of the year-over-year surge in average daily trading value, explained mainly by heightened turnover velocity, which went up to 72.9% from 70.0% one year ago, due mainly to greater investor demand for more sophisticated products, including securities lending and borrowing, coupled with increase in high frequency trading.

In the options market, in turn, the average daily value traded in options on single stocks and stock indices tumbled 17.8% from the earlier year due mainly to a 19.0% plunge in average daily value traded in options on Petrobras and Vale stocks, which, however, retained their post as top traded options on stocks, having accounted for 69.5% of the overall value traded in 2013. On the bright side, our market making program continues to bear fruit, with options on ten new single stocks and options on Ibovespa, whose traded value soared 43.8% to R\$70.1 million from R\$48.8 million the year before. Our market making program aims at providing liquidity to single stocks while widening the range of option product offerings.

### Average equity market capitalization - Turnover velocity



The average equity market capitalization kept a flat line from the prior year. Nonetheless, an analysis by sector shines a light on cyclical and non-cyclical consumer sector stocks, as well as financial sector stocks and others, with rallies in these stocks having accounted collectively for over 56% of the overall trading value in terms of sector distribution. However, the analysis also shows a plunge in market capitalization in traditional sectors as oil & gas & biofuels, telecom and utilities sector stocks, resulting in an unmoving average capitalization over 2012.

### Average market capitalization by sector (In R\$ billions, except as otherwise indicated)

Industry Classification	2012	Total Part. (%) 2012	2013	Total Part. (%) 2013	Var. 2013/2012
Construction and Transportation	121.07	5.0%	118.83	4.9%	-1.8%
Consumer	548.37	22.7%	645.78	26.8%	17.8%
Financial	641.25	26.5%	712.88	29.5%	11.2%
Basic Materials	335.19	13.9%	310.92	12.9%	-7.2%
Oil.Gas and Biofuels	330.80	13.7%	239.82	9.9%	-27.5%
Telecommunications	135.14	5.6%	100.74	4.2%	-25.5%
Utilities	247.24	10.2%	216.49	9.0%	-12.4%
Others*	57.92	2.4%	67.90	2.8%	17.2%
<b>Total</b>	<b>2,416.98</b>		<b>2,413.36</b>		<b>-0.1%</b>

\*Includes Capital Goods and Services and Information Technology.

### Bovespa segment – Average Daily Trading Value (In R\$ millions, except as otherwise indicated)

Markets	2009	2010	2011	2012	2013	CAGR 2009-2013	Var. 2013/2012
Cash	4.943,7	6.031,6	6.096,3	6.861,3	7.094,5	9,5%	3,4%
Forward	96,5	147,4	118,0	103,4	91,5	-1,3%	-11,5%
Options	245,0	307,9	276,3	280,1	230,3	-1,5%	-17,8%
<b>Total</b>	<b>5.286,8</b>	<b>6.488,6</b>	<b>6.491,6</b>	<b>7.250,7</b>	<b>7.417,7</b>	<b>8,8%</b>	<b>2,3%</b>

The year-on average daily number of trades increased again jumping 14.0% year-over-year, nearly a threefold volume increase from 2009. This growth rate is attributable primarily to greater sophistication of market participants and increased high frequency trading activity, which despite being highly quantitative uses small orders, driving down the average ticket size per trade. We should note that in preparation of our future growth, the throughput capacity of our trading systems far exceeds current volumes.

On a year-over-year comparison of overall value traded by investor group, foreign investors continue to top the rank, having accounted for 43.7% of the

## Bovespa segment – Average Daily Number of Trades (In R\$ thousands, except as otherwise indicated)

Markets	2009	2010	2011	2012	2013	CAGR 2009-2013	Var. 2013/2012
Cash	270.6	349.8	476.5	653.0	780.0	30.3%	19.4%
Forward	1.3	1.6	1.1	1.0	0.8	-12.4%	-19.7%
Options	60.4	79.3	89.6	126.4	108.5	15.8%	-14.1%
<b>Total</b>	<b>332.3</b>	<b>430.6</b>	<b>567.2</b>	<b>780.4</b>	<b>889.3</b>	<b>27.9%</b>	<b>14.0%</b>

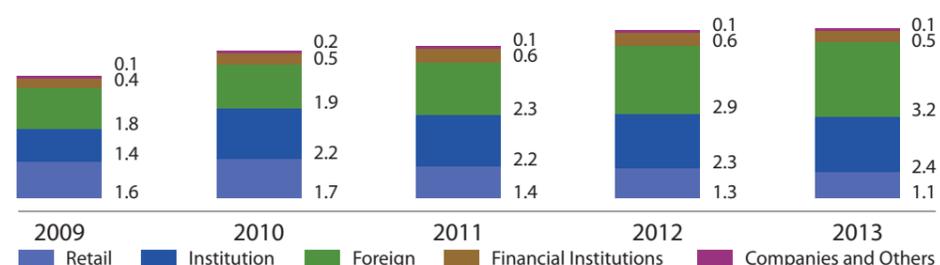
overall value traded for the year, which translates into a 10.6% year-on build-up in active trading and substantially explains the growth in value traded on markets comprising our Bovespa segment. The runners-up were local institutional investors, who accounted for 32.8% of the overall trading value.

Trading activity by retail investors accounted for 17.9% of the overall value traded (from 15.2% a year ago), whereas the segment's average number of active retail investors jumped to 632.0 thousand from 603.9 thousand in the earlier year, a 4.6% year-on rise in number of active retail investors.

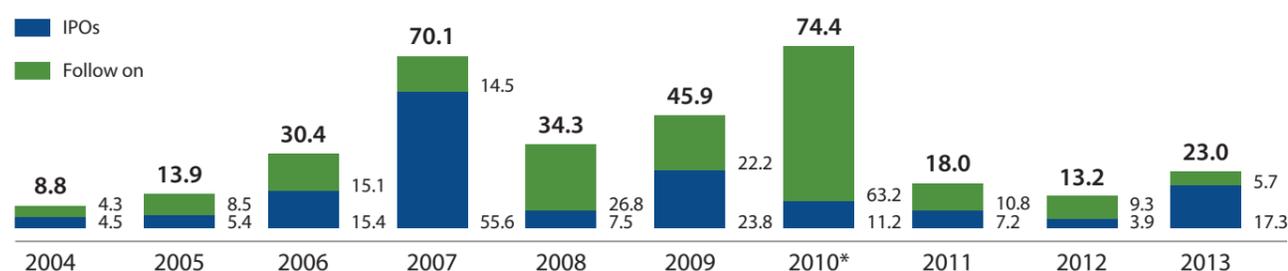
The year closed with a total of 17 equity offerings (10 IPOs, 7 follow-on offerings) with aggregate gross proceeds of R\$23.0 billion, the largest in the last three years.

Two featured products in recent years has been exchange-traded funds (ETFs) and exchange-traded real estate funds (FII), which in the first, the average daily value traded tumbled 14.3% over 2012 and the second increased 116.4% year-over-year. Additionally, regarding FIIs, the number of investors surged 4.2% year-on-year to 101.2 thousand, practically composed by individuals, as 2013 came to a close.

## Distribution of average daily trading value by investor category (In R\$ billions)

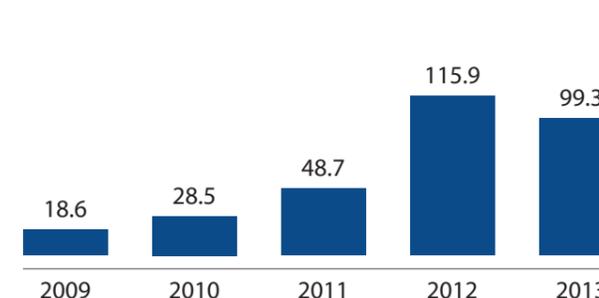


## Equity Offerings (In R\$ billions)



(\*) Data for 2010 do not include the oil reserves assignment Brazil's Government agreed with Petrobras in an oil-for-shares swap implemented within the scope of the Petrobras offering, which however was not extended to the investing public.

## Average daily volume traded in ETFs (In R\$ millions)



## BM&F Segment

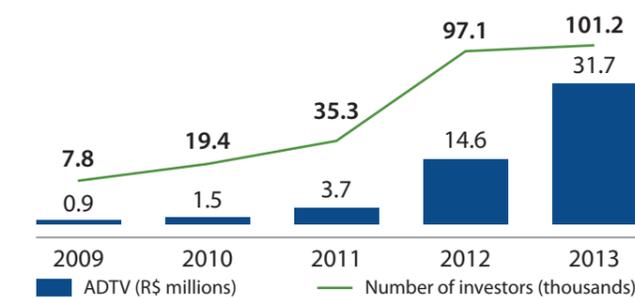
The average daily volume traded (ADTV) in financial and commodity derivatives markets (BM&F segment) fell 1.8% as compared to the prior year, whereas an analysis of average daily trading volume for the last five years shows compound annual growth rate (CAGR) of 17.0%. Nonetheless, the average rate per contract climbed 7.6% year-over-year, which ultimately favored an increase in revenues from trading fees.

The volume of trading in Brazilian-interest rate contracts, the most actively traded contract group in the segment, shrank 3.6% as compared to the earlier year, having accounted for 65.2% of the overall volume traded. The analysis of average daily trading volume for the last five years shows compound annual growth rate surged 21.8% for this contract group. In turn, the average daily volume traded in forex contracts, the second contract group more actively traded in the segment, kept a virtual flat line from the prior year.

## Average daily volume (ADV) (In thousands of contracts except as otherwise indicated)

	2009	2010	2011	2012	2013	CAGR (2009-13)
Interest Rates in BRL	843.5	1,683.6	1,797.2	1,925.7	1,856.7	21.8%
FX Rates	447.1	540.6	495.5	493.9	494.1	2.5%
Stock Indices	80.0	89.4	123.3	143.1	113.6	9.2%
Interest Rates in USD	78.3	89.7	145.2	149.8	155.9	18.8%
Commodities	10.2	12.9	13.2	11.2	9.2	-2.7%
Mini Contracts	52.6	75.6	114.4	165.7	208.2	41.0%
OTC	9.3	12.9	11.7	9.2	10.1	2.1%
<b>Total</b>	<b>1,521.0</b>	<b>2,504.7</b>	<b>2,700.6</b>	<b>2,898.7</b>	<b>2,847.8</b>	<b>17.0%</b>

## Average daily volume traded in FIIs – Number of Investors



The rise in quarterly average rate per contract (RPC) for financial and commodity derivatives contracts is explained primarily by the following factors:

- The average RPC for Brazilian-interest rate contracts rose 4.2% year-over-year, to R\$1,046 (versus R\$1,004 previously) due mainly to greater concentration of trading in longer-term Brazilian interest rate contracts (5<sup>th</sup> standard maturity date, or longer) which we charge at higher average RPC, for which we charge comparatively higher fee rates;
- A 15.0% year-on surge in average RPC charged for trades in forex contracts, coupled with a 21.3% surge in average RPC for U.S. dollar-denominated interest rate contracts, in either case explained by 10.5% year-on average appreciation of the Brazilian *real* against the U.S. dollar, since our rates for these contracts are denominated in U.S. dollars. Other variables contributing to the rise in average RPC include volume distribution between futures and options contracts, intraday trading volumes and volume distribution by type of investor.

## Average rate per contract (RPC) (In Brazilian reais)

	2009	2010	2011	2012	2013	Var. 2013/2012
Interest Rates in BRL	0.979	0.889	0.918	1.004	1.046	4.2%
FX Rates	2.161	1.928	1.894	2.205	2.535	15.0%
Stock Indices	1.620	1.564	1.614	1.524	1.761	15.6%
Interest Rates in USD	1.357	1.142	0.941	1.015	1.231	21.3%
Commodities	2.307	2.168	2.029	2.239	2.534	13.2%
Mini Contracts	0.176	0.128	0.129	0.116	0.119	3.0%
OTC	1.655	1.610	1.635	1.769	1.409	-20.4%
<b>Average</b>	<b>1.365</b>	<b>1.134</b>	<b>1.106</b>	<b>1.191</b>	<b>1.282</b>	<b>7.6%</b>

The volume distribution by investor category shows trading activity by financial institutions picked up to account for 35.9% of the overall yearly volume, for the first time outperforming institutional investors, whose share of overall volume traded dropped to 32.7% from 34.5% one year ago.

## Securities lending

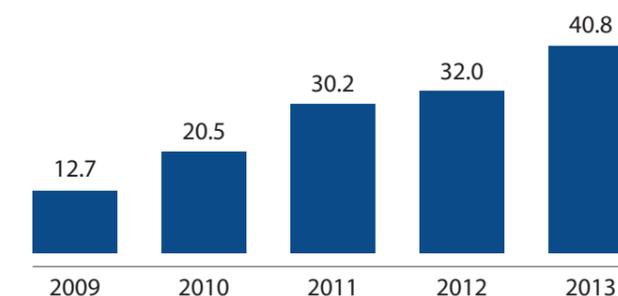
Our securities lending services showed strong growth in 2013, with the average financial value of open interest positions having soared 27.5% year-over-year. Additionally, over the last five years this market hit compound annual growth rate of 33.8%. Securities

lending is used by investors that develop and implement stock market strategies as securities borrowers (short-sellers) and by investors that look for additional return as lenders.

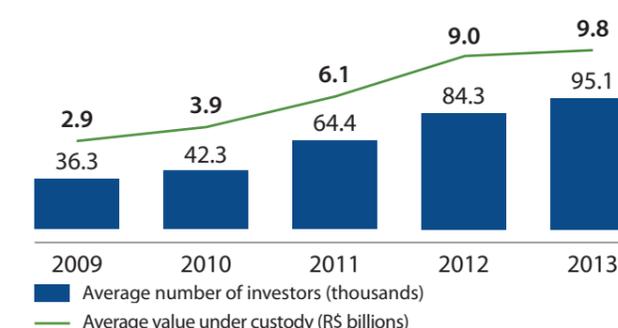
## Treasury Direct platform

Tesouro Direto (Treasury Direct) is a platform developed in collaboration with the Brazilian Treasury, which we operate for the trading of government bonds and debt securities through the Internet. Trading on this platform has sustained the uptrend of the last few years. The average financial value of government bonds and debt securities held in custody at our central securities depository (CSD) climbed 9.0% year-on-year to hit R\$9.8 billion as the year closed in 2013. The average number of investors dealing through the Treasury Direct platform rose 12.7% to 95.1 thousand from 84.3 thousand one year ago. With the goal of diversifying revenues, we have been encouraging the growth of Treasury Direct dealings through our distribution channels.

## Average annual financial value of open interest positions (In R\$ billions)



## Dealings on the Treasury Direct platform



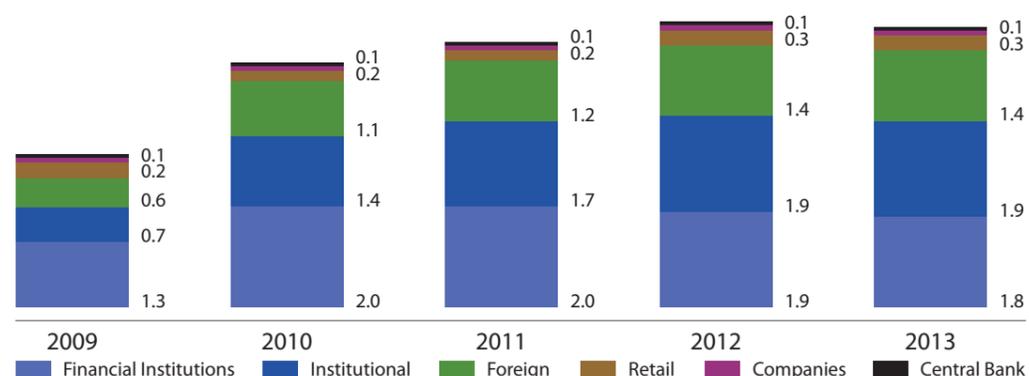
## Financial performance

### Revenues

Total revenues (before PIS/COFINS and services taxes deduction) for the year ended December 31, 2012, amounted to R\$2,370.2 million, rising 3.5% year-over-year due primarily to revenue increases from operations in the segment for financial and commodity derivatives as well as other revenues unrelated to trading and clearing activities, counterbalanced, however, by decrease in revenues from the Bovespa segment.

which were counterbalanced by a 2.3% upsurge in average trading value.

## Distribution of average daily trading volume (ADTV) by investor category (buy and sell sides) (In millions of contracts)



- Revenues from trading and clearing fees – BM&F segment. This line item increased 5.9% year-over-year totaling R\$916.5 million, and accounted for 38.7% of total revenues, as a result mainly of a 7.6% year-on climb in average RPC, which, however, was not fully captured due to a 1.8% tumble in volumes traded within the segment.
- Revenues from trading and clearing fees – Bovespa segment. This line item gave back 1.0% year-over-year totaling R\$1,024.0 million, and accounted for 43.2% of total revenues. This fall is explained by a 4.5% margin drop (to 5.422 basis points from 5.676 basis points one year ago) attributable primarily to changes in pricing policy,

- Other operating revenues. Other operating revenues hit R\$429.7 million, a 10.4% rise from the year-ago, and accounted for 18.1% of total revenues, as a result primarily of changes in revenue line items unrelated to trading and clearing activities, as follows:

- Securities lending. Revenues of R\$102.2 million (4.3% of total revenues) soared 32.6% year-over-year due mainly to a 27.9% year-on rise in financial value of open interest positions at year-end, whose average reached R\$40.8 billion.
- Depository, custody. Revenues of R\$116.3 million (4.9% of total revenues) went up 13.2% year-on-year explained mainly by a 4.6% increase in average number of custody accounts (assets held in custody at our central securities depository) as well as the higher revenues derived from operating the Treasury Direct platform and from registration of transactions in agribusiness credit bills (locally known as LCAs, Letras de Crédito do Agronegócio).

- **Trading Participant access.** A 7.4% fall in revenues (to R\$47.4 million) from access fees charged from member brokerage firms is attributable primarily to changes in status correlated with the range of services they provide to market participants.

## Expenses

Expenses totaling R\$797.2 million rose 4.5% year-over-year. Set forth below is a discussion of the principal changes in operating expense line items.

- **Personnel and related charges.** This expense line totaled R\$356.1 million, up slight 0.6% year-on-year. However, this comparison is hampered due to a R\$27.5 million provision we recognized in 2012 in connection with our employees' health-care plan. As adjusted to eliminate the provision, this line item would have recorded a 9.1% year-on rise in expenses with personnel, reflecting mainly the annual wage increase prescribed under our collective bargaining agreement and a fall in capitalized personnel expenses related to ongoing projects (capitalized personnel expenses for 2013 came R\$9.5 million short of the amount capitalized one year ago).
- **Data processing.** The expenses in this line item totaled R\$111.8 million, up 8.7% year-on-year due mainly to an increase in expenses with software and hardware services and maintenance related to platforms rolled out over the year, including the equities module of our PUMA Trading System in April 2013.
- **Depreciation and amortization.** The expenses in this line item totaled R\$119.7 million, up 27.6% year-on-year primarily due to the start of operations of our new information technology platforms, in particular, the ensuing additional depreciation of the equities module of our PUMA Trading System; and the ERP solution implemented in the beginning of 2013.
- **Outsourced services.** The expenses in this line item totaled R\$46.0 million, down 10.6% year-on-year primarily on account of a decline in expenses with advisory and consulting services related to strategic projects.

- **Marketing and promotion.** This expense line hit R\$15.0 million plummeting 22.0% year-on-year due primarily to the reprioritization of our marketing campaigns for the year and cuts in advertising expenses.
- **Taxes.** This expense line totaled R\$55.9 million, a 32.1% upsurge from the earlier year due mainly to taxes paid on income from dividends earned on our equity investment in the CME Group shares (a R\$51.0 million tax payment in 2013 versus R\$37.4 million the year before).
- **Sundry expenses.** This expense line hit R\$55.7 million, down 13.7% year-on-year attributable primarily to a R\$15 million transfer of proceeds from fines to BM&FBOVESPA Market Surveillance (BSM) by the end of 2012 designed to fund the operations of BSM.

## Equity in results of investees

Our net share of gain from the equity-method investment in CME Group shares went up 14.8% from one year ago, totaling R\$171.4 million, where R\$64.8 million were provisioned as recoverable tax paid abroad. This rise reflects mainly the effects of the currency depreciation vis-à-vis the U.S. dollar.

## Interest income, net

Net interest income for the year hit R\$181.5 million, down 13.1% year-on-year due primarily to a 34.1% jump in interest expenses (R\$118.5 million in 2013) attributable mainly to the currency depreciation against the U.S. dollar, as most our interest expenses correlate with debt under global senior notes issued in a July 2010 cross-border offering. In turn, our interest income was up mere 0.9% virtually keeping a steady line from the prior year.

## Income tax and social contribution

Income before taxes totaled R\$1,687.5 million, up 1.7% year-on-year.

The line item comprising income tax and social contribution plus deferred income tax and social contribution totaled R\$606.6 million, where current income tax and social contribution totaled R\$60.1 million

(composed mainly by R\$64.8 million in tax paid overseas that we recognized under equity in results of investee, of which R\$3.7 million refers to temporary credits to be used by the Company in the future).

In addition, deferred income tax and social contribution totaled R\$546.5 million, and break down as follows:

- Recognition of deferred tax liabilities of R\$555.6 million related to temporary differences attributable mainly to amortization of goodwill for tax purposes, with no impact on cash flow; and
- Recognition of deferred tax assets amounting to R\$9.2 million related to temporary tax losses and other temporary credits to be used by the Company in the future.

## Main Line items of The Audited Consolidated Balance Sheet Statement as of December 31, 2013

Total assets as of December 31, 2013, amounted to R\$25,896.7 million, up 7.2% year-on-year. Cash and cash equivalents, including financial investments (current and non-current), totaled R\$4,870.8 million and accounted for 18.8% of total assets. Non-current assets totaled R\$21,577.2 million, where long-term receivables amount to R\$1,135.4 million (including non-current financial investments totaling R\$820.8 million), the investments total R\$3,346.3 million, property and equipment amount to R\$423.2 million and intangible assets amount to R\$16.672.3 million.

Intangible assets consist primarily of goodwill related to expectations of future profitability in connection with the acquisition of Bovespa Holding. Goodwill has been tested for impairment pursuant to a valuation report prepared by an independent specialist firm, which found no adjustments were required to the carrying value of goodwill as of December 31, 2013.

## Main lines items under Liabilities and Shareholders' Equity

Current liabilities amounting to R\$2,710.8 soared 63.2% year-on-year and accounted for 10.5% of total liabilities and shareholders' equity as of December 31, 2013. This rise is due primarily to a climb in to-

tal cash collateral pledged by market participants (to R\$2,073.0 million at year-end from R\$1,134.2 million one year ago) whose contra asset accounts are cash equivalents and financial investments. Non-current liabilities closed the year at R\$3,886.9 million and consist primarily of R\$1,426.2 million worth of debt issued abroad (global senior notes) plus deferred income tax and social contribution amounting to R\$2,295.8 million.

Shareholders' equity totaled R\$19,298.9 million as of December 31, 2013, consisting mainly of capital stock totaling R\$2,540.2 million and capital reserves of R\$16,056.7 million.

## Other financial information

### Capital expenditures

We capitalized investments on the order of R\$289.2 million in 2013, including R\$278.6 million related to investments in technology infrastructure and IT resources, particularly as related to the new integrated clearinghouse, whereas R\$10.6 million refer to investments in other projects, including modernization and improvements to our infrastructure.

### 2014 Adjusted Opex Budget; 2014-2015 Capex Budget

In December 2013 we announced the 2014-2015 capex budget and the 2014 adjusted opex budget, as follows:

- The 2014 budget for adjusted operating expenses has been set within an interval between R\$595 million and R\$615 million, indicating growth in line with expected inflation for the year, while between 2012 and 2013 the adjusted expenses increased only 2.2%, to R\$575.8 million from R\$563.5 million, significantly below the official inflation;
- The capex budget for 2014 has been set within an interval between R\$230.0 million and R\$260.0 million, and for 2015 an interval between R\$190.0 million and R\$220.0 million.

# OPERATIONAL AND FINANCIAL PERFORMANCE

## Earnings distributions

Our board of directors declared over the year a total of R\$719.5 million by way of dividends and interest on shareholders' equity, meaning an agreement of 80% out of GAAP net income for the nine months period ended September 30, 2013. Moreover, at the coming annual shareholders' meeting we are set to submit to shareholders an additional distribution proposal in the equivalent of R\$145.7, which should total 80% of our GAAP net income for the year ended December 31, 2013.

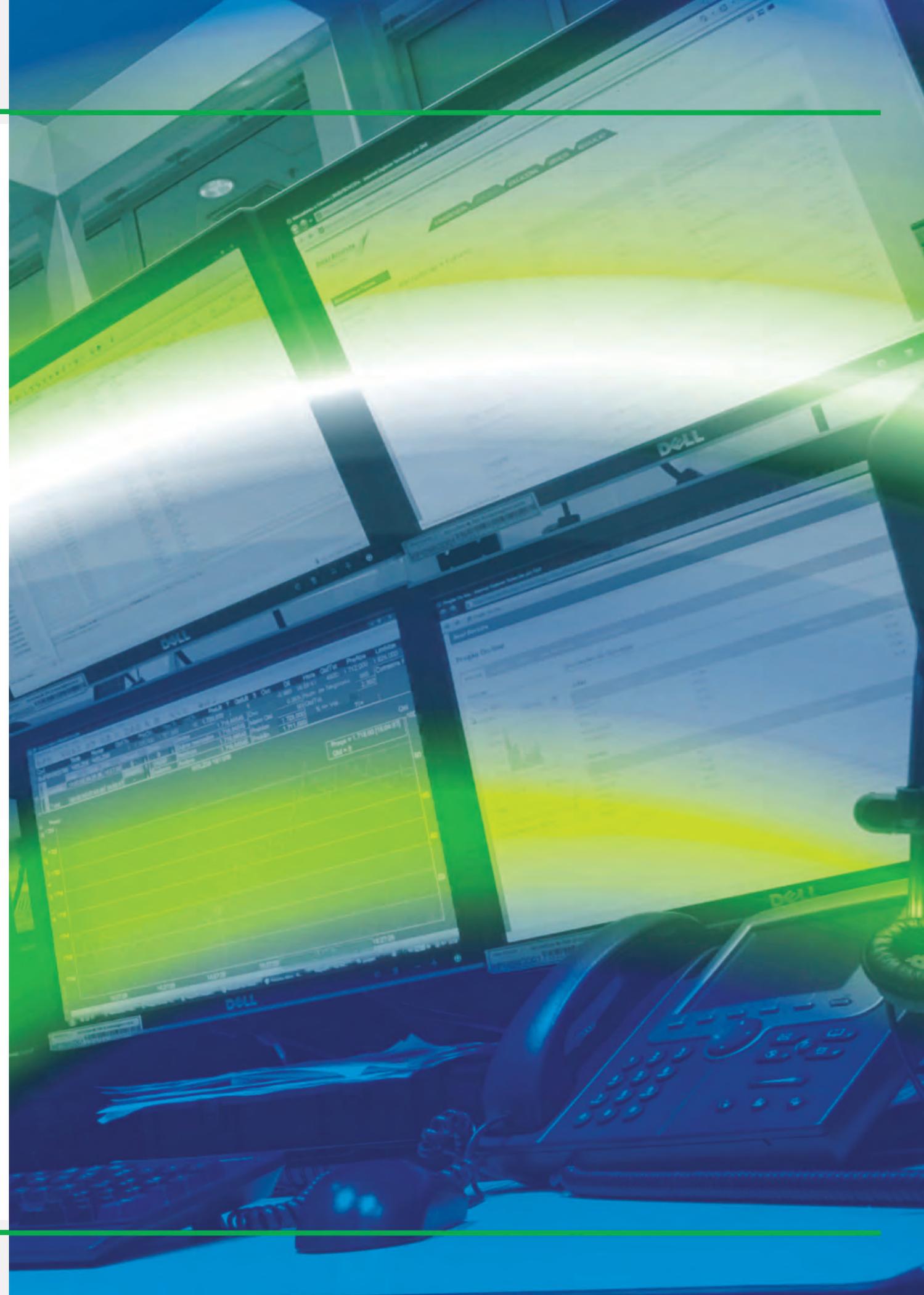
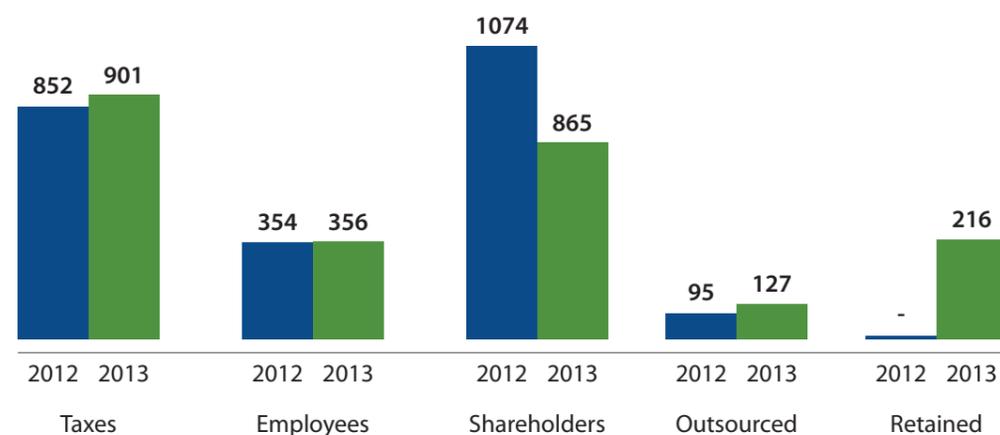
## Share buyback program

The buyback transactions over the course of 2013 totaled 43.9 million shares (average price per share of R\$12.08) or an aggregate of R\$530.6 million, where 20.9 million shares have been repurchased within the scope of our 2012-2013 share buyback program (started June 2012), while the remainder, or 23.1 million shares, were bought back within the scope of our 2013-2014 program approved in June 2013.

Additionally, we repurchased in 2014 a total of 37.0 million shares, at average price per share of R\$10.02, or an aggregate of R\$370.4 million, thus bringing the aggregate buyback under the 2013-2014 buyback program to the total authorized repurchases of 60 million shares.

## Value Added Statement ec1

In 2013, BM&FBOVESPA increased its capacity to generate and distribute wealth to its wide range of publics, with value added in the period at BRL 2,465.4 million, up 3.8% on 2012. The graph below shows how this amount was distributed, with the highlights being: taxes of BRL 900.9 million in 2013, up 5.7% and including BRL 546.5 million in deferred tax in relation to the amortization of goodwill with no impact on cash flow; the 19.5% reduction to the value distributed to shareholders in 2013, justified by the payment of 80% of profits in the form of dividends and interest on own capital, compared with the 100% of the previous year; and the fact that most retained profit was redirected to the share buyback program, in line with the Company's commitment to generate value and return of capital for its shareholders.



# FINANCIAL STATEMENTS

The background features a solid blue upper section. The lower section is dominated by several thick, curved, overlapping bands of green and light blue, creating a sense of motion and depth. The curves sweep from the bottom left towards the top right.

**Balance sheets**  
 December 31, 2013 and 2012  
 (In thousands of reais)

	Notes	BM&FBOVESPA		Consolidated	
		2013	2012	2013	2012
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4 (a)	4,245,974	3,387,845	4,319,483	3,536,282
Financial investments	4 (b)	1,191,676	36,326	1,196,589	43,642
Accounts receivable	5	2,784,750	3,093,547	2,853,393	3,233,361
Other receivables	6	52,696	55,093	54,227	56,849
Taxes recoverable and prepaid	19 (d)	80,889	4,654	79,272	4,141
Prepaid expenses		120,380	180,442	120,396	180,458
		15,583	17,783	15,606	17,831
<b>Noncurrent assets</b>					
Long-term receivables		21,275,216	20,487,000	21,577,176	20,610,832
Financial investments	4 (b)	749,413	603,951	1,135,424	808,868
Deferred income tax and social contribution	19	437,367	371,231	820,778	573,636
Judicial deposits	14 (g)	203,037	132,286	203,037	132,286
Other receivables	6	108,265	97,510	108,665	97,822
Prepaid expenses		-	-	2,200	2,200
		744	2,924	744	2,924
<b>Investments</b>					
Investment in associates	7 (a)	3,434,624	3,014,319	3,346,277	2,928,820
Investments in subsidiaries	7 (a)	3,312,606	2,893,632	3,312,606	2,893,632
Investment property	7 (b)	122,018	120,687	-	-
		-	-	33,671	35,188
<b>Property and equipment</b>					
	8	418,854	356,579	423,150	360,993
<b>Intangible assets</b>					
Goodwill	9	16,672,325	16,512,151	16,672,325	16,512,151
Software and projects		16,064,309	16,064,309	16,064,309	16,064,309
		608,016	447,842	608,016	447,842
<b>Total assets</b>					
		25,521,190	23,874,845	25,896,659	24,147,114

See accompanying notes.

	Notes	BM&FBOVESPA		Consolidated	
		2013	2012	2013	2012
Liabilities and equity					
Current liabilities		<b>2,355,261</b>	1,409,279	<b>2,710,846</b>	1,660,609
Collateral for transactions	17	<b>2,072,989</b>	1,134,235	<b>2,072,989</b>	1,134,235
Earnings and rights on securities in custody	10	<b>49,925</b>	43,975	<b>49,925</b>	43,975
Suppliers		<b>36,679</b>	60,333	<b>45,474</b>	60,562
Salaries and social charges		<b>73,954</b>	73,588	<b>74,911</b>	74,492
Provision for taxes and contributions payable	11	<b>24,755</b>	27,502	<b>25,979</b>	28,358
Income tax and social contribution		-	-	<b>1,433</b>	2,564
Interest payable on debt issued abroad	12	<b>42,129</b>	36,882	<b>42,129</b>	36,882
Dividends and interest on equity payable		<b>1,428</b>	1,845	<b>1,428</b>	1,845
Other liabilities	13	<b>53,402</b>	30,919	<b>396,578</b>	277,696
Noncurrent liabilities		<b>3,881,700</b>	3,067,648	<b>3,886,921</b>	3,072,623
Debt issued abroad	12	<b>1,426,193</b>	1,242,239	<b>1,426,193</b>	1,242,239
Deferred income tax and social contribution	19	<b>2,295,774</b>	1,739,644	<b>2,295,774</b>	1,739,644
Provision for tax, civil and labor contingencies	14	<b>83,371</b>	58,232	<b>88,592</b>	63,207
Obligation with post-retirement health care benefit	18 (c)	<b>25,940</b>	27,533	<b>25,940</b>	27,533
Other liabilities	13	<b>50,422</b>	-	<b>50,422</b>	-
Equity	15	<b>19,284,229</b>	19,397,918	<b>19,298,892</b>	19,413,882
Capital and reserves attributable to shareholders of BM&FBOVESPA					
Capital		<b>2,540,239</b>	2,540,239	<b>2,540,239</b>	2,540,239
Capital reserve		<b>16,056,681</b>	16,037,369	<b>16,056,681</b>	16,037,369
Revaluation reserves		<b>21,360</b>	21,946	<b>21,360</b>	21,946
Income reserves		<b>794,773</b>	577,884	<b>794,773</b>	577,884
Treasury shares		<b>(955,026)</b>	(484,620)	<b>(955,026)</b>	(484,620)
Valuation adjustments – other comprehensive income		<b>680,499</b>	316,397	<b>680,499</b>	316,397
Proposed additional dividend		<b>145,703</b>	388,703	<b>145,703</b>	388,703
		<b>19,284,229</b>	19,397,918	<b>19,284,229</b>	19,397,918
Non-controlling interests		-	-	<b>14,663</b>	15,964
Total liabilities and equity		<b>25,521,190</b>	23,874,845	<b>25,896,659</b>	24,147,114

See accompanying notes.

**Income statements**

Years ended December 31, 2013 and 2012

(In thousands of reais)

	Notes	BM&FBOVESPA		Consolidated	
		2013	2012	2013	2012
Revenue	20	2,098,224	2,034,839	2,131,795	2,064,750
Expenses		(767,220)	(742,581)	(797,160)	(763,080)
Administrative and general					
Personnel and related charges		(341,772)	(341,957)	(356,120)	(353,880)
Data processing		(108,659)	(99,220)	(111,797)	(102,805)
Depreciation and amortization		(117,924)	(91,944)	(119,661)	(93,742)
Outsourced services		(35,686)	(48,641)	(45,957)	(51,434)
Maintenance in general		(10,942)	(10,013)	(11,982)	(10,809)
Communications		(16,688)	(17,464)	(16,921)	(17,635)
Promotion and publicity		(14,647)	(18,758)	(15,043)	(19,280)
Taxes		(54,825)	(41,909)	(55,886)	(42,294)
Board and committee members' compensation		(8,078)	(6,634)	(8,078)	(6,634)
Sundry	21	(57,999)	(66,041)	(55,715)	(64,567)
Equity pick- up in subsidiaries and associate	7	175,131	157,652	171,365	149,270
Financial result	22	179,357	206,260	181,535	208,851
Financial income		296,487	294,291	300,023	297,217
Financial expenses		(117,130)	(88,031)	(118,488)	(88,366)
Income before income tax and social contribution		1,685,492	1,656,170	1,687,535	1,659,791
Income tax and social contribution	19 (c)	(603,976)	(581,880)	(606,588)	(585,535)
Current		(57,485)	(63,659)	(60,097)	(67,314)
Deferred		(546,491)	(518,221)	(546,491)	(518,221)
Net income for the year		1,081,516	1,074,290	1,080,947	1,074,256
Attributable to:					
Shareholders of BM&FBOVESPA		1,081,516	1,074,290	1,081,516	1,074,290
Non-controlling interests		-	-	(569)	(34)
Earnings per share attributable to shareholders of BM&FBOVESPA (in R\$ per share)	15 (h)				
Basic earnings per share				0.563638	0.556512
Diluted earnings per share				0.562158	0.555066

See accompanying notes.

**Statements of comprehensive income**

Years ended December 31, 2013 and 2012

(In thousands of reais)

	BM&FBOVESPA		Consolidated	
	2013	2012	2013	2012
Net income for the year	1,081,516	1,074,290	1,080,947	1,074,256
<b>Other comprehensive income to be reclassified to net income for the year in subsequent periods</b>	<b>361,917</b>	<b>188,140</b>	<b>361,917</b>	<b>188,140</b>
Exchange rate variation on investment in foreign associate	431,530	240,676	431,530	240,676
Hedge of net foreign investment	(183,049)	(102,632)	(183,049)	(102,632)
Tax effect on hedge of net foreign investment	62,237	34,895	62,237	34,895
Comprehensive income of foreign associate	51,234	15,180	51,234	15,180
Mark-to-market of available-for-sale financial assets	(35)	21	(35)	21
<b>Other comprehensive income not reclassified to net income for the year in subsequent periods</b>	<b>2,185</b>	<b>-</b>	<b>2,185</b>	<b>-</b>
Actuarial gains on obligation with post-retirement health care benefit	2,185	-	2,185	-
<b>Other comprehensive income for the year</b>	<b>364,102</b>	<b>188,140</b>	<b>364,102</b>	<b>188,140</b>
<b>Total comprehensive income</b>	<b>1,445,618</b>	<b>1,262,430</b>	<b>1,445,049</b>	<b>1,262,396</b>
<b>Attributable to:</b>	<b>1,445,618</b>	<b>1,262,430</b>	<b>1,445,049</b>	<b>1,262,396</b>
Shareholders of BM&FBOVESPA	1,445,618	1,262,430	1,445,618	1,262,430
Non-controlling interests	-	-	(569)	(34)

See accompanying notes.

## Statements of changes in equity

Years ended December 31, 2013 and 2012

(In thousands of reais)

	Note	Attributable to shareholders of the parent company										Non-controlling interests	Total equity
		Capital	Capital reserve	Revaluation reserves (Note 15(c))	Income reserves (Note 15(e))		Treasury shares (Note 15(b))	Equity valuation adjustments	Proposed additional dividend	Retained earnings	Total		
					Legal reserve	Statutory reserves							
<b>Balances at December 31, 2011</b>		2,540,239	16,033,895	22,532	3,453	800,572	(521,553)	128,257	233,605	-	19,241,000	16,491	19,257,491
Exchange rate variation on foreign investment		-	-	-	-	-	-	240,676	-	-	240,676	-	240,676
Hedge of net foreign investment, net of taxes		-	-	-	-	-	-	(67,737)	-	-	(67,737)	-	(67,737)
Comprehensive income of foreign associate		-	-	-	-	-	-	15,180	-	-	15,180	-	15,180
Mark-to-market of available-for-sale financial assets		-	-	-	-	-	-	21	-	-	21	-	21
<b>Total comprehensive income</b>		-	-	-	-	-	-	<b>188,140</b>	-	-	<b>188,140</b>	-	<b>188,140</b>
Effect on non-controlling interests		-	-	-	-	-	-	-	-	-	-	(493)	(493)
Realization of revaluation reserve - subsidiaries		-	-	(586)	-	-	-	-	-	586	-	-	-
Repurchase of shares	15(b)	-	-	-	-	-	(16,303)	-	-	-	(16,303)	-	(16,303)
Disposal of treasury shares - exercise of stock options	18	-	(28,832)	-	-	-	53,236	-	-	-	24,404	-	24,404
Recognition of stock option plan	18	-	32,306	-	-	-	-	-	-	-	32,306	-	32,306
Approval /payment of dividend	15(g)	-	-	-	-	(226,727)	-	-	(233,605)	-	(460,332)	-	(460,332)
Net income for the year		-	-	-	-	-	-	-	-	1,074,290	1,074,290	(34)	1,074,256
Destination of profit:													
Dividends	15(g)	-	-	-	-	586	-	-	388,703	(984,876)	(595,587)	-	(595,587)
Interest on equity	15(g)	-	-	-	-	-	-	-	-	(90,000)	(90,000)	-	(90,000)
<b>Balances at December 31, 2012</b>		2,540,239	16,037,369	21,946	3,453	574,431	(484,620)	316,397	388,703	-	19,397,918	15,964	19,413,882

See accompanying notes.

**Statements of changes in equity (Continued)**

Years ended December 31, 2013 and 2012

(In thousands of reais)

Note	Attributable to shareholders of the parent company											
	Capital	Capital reserve	Revaluation reserves (Note 15(c))	Income reserves (Note 15(e))		Treasury shares (Note 15(b))	Equity valuation adjustments	Proposed additional dividend	Retained earnings	Total	Non-controlling interests	Total equity
				Legal reserve	Statutory reserves							
<b>Balances at December 31, 2012</b>	2,540,239	16,037,369	21,946	3,453	574,431	(484,620)	316,397	388,703	-	19,397,918	15,964	19,413,882
Exchange rate variation on foreign investment	-	-	-	-	-	-	431,530	-	-	431,530	-	431,530
Hedge of net foreign investment, net of taxes	-	-	-	-	-	-	(120,812)	-	-	(120,812)	-	(120,812)
Comprehensive income of foreign associate	-	-	-	-	-	-	51,234	-	-	51,234	-	51,234
Actuarial gains on obligation with post-retirement health care benefit	-	-	-	-	-	-	2,185	-	-	2,185	-	2,185
Mark-to-market of available-for-sale financial assets	-	-	-	-	-	-	(35)	-	-	(35)	-	(35)
<b>Total comprehensive income</b>	-	-	-	-	-	-	<b>364,102</b>	-	-	<b>364,102</b>	-	<b>364,102</b>
Effect on non-controlling interest	-	-	-	-	-	-	-	-	-	-	(732)	(732)
Realization of revaluation reserve - subsidiaries	-	-	(586)	-	-	-	-	-	586	-	-	-
Repurchase of shares	15(b)	-	-	-	-	(531,215)	-	-	-	(531,215)	-	(531,215)
Disposal of treasury shares - exercise of stock options	18(a)	-	(8,824)	-	-	60,809	-	-	-	51,985	-	51,985
Recognition of stock option plan	18(a)	-	28,136	-	-	-	-	-	-	28,136	-	28,136
Approval /payment of dividends	15(g)	-	-	-	-	-	-	(388,703)	-	(388,703)	-	(388,703)
Net income for the year	-	-	-	-	-	-	-	-	1,081,516	1,081,516	(569)	1,080,947
Destination of profit:												
Dividends	15(g)	-	-	-	-	-	-	145,703	(815,213)	(669,510)	-	(669,510)
Interest on equity	15(g)	-	-	-	-	-	-	-	(50,000)	(50,000)	-	(50,000)
Constitution of statutory reserve	-	-	-	-	216,889	-	-	-	(216,889)	-	-	-
<b>Balances at December 31, 2013</b>	2,540,239	16,056,681	21,360	3,453	791,320	(955,026)	680,499	145,703	-	19,284,229	14,663	19,298,892

**Statements of cash flow**

Years ended December 31, 2013 and 2012

(In thousands of reais)

	BM&FBOVESPA		Consolidated	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
<b>Net income for the year</b>	<b>1,081,516</b>	1,074,290	<b>1,080,947</b>	1,074,256
Adjustments:				
Depreciation/amortization	117,924	91,944	119,661	93,742
Gain/loss on sale of property and equipment	432	(202)	432	(202)
Software and projects written off	-	3,620	-	3,620
Deferred income tax and social contribution	546,491	518,221	546,491	518,221
Equity pick- up in subsidiaries and associate	(175,131)	(157,652)	(171,365)	(149,270)
Variation in non-controlling interests	-	-	(417)	(493)
Stock option plan expenses	28,136	32,306	28,136	32,306
Interest expenses	91,636	80,199	91,636	80,199
Provision of impairment of receivables	1,628	1,156	1,628	1,156
Variation in financial investments and collateral for transactions	26,513	(383,112)	(83,322)	(456,021)
Variation in taxes recoverable and prepaid	124,909	9,847	124,909	11,797
Variation in accounts receivable	769	(11,188)	994	(11,491)
Variation in other receivables	2,205	7,179	559	8,203
Variation in prepaid expenses	4,380	(3,314)	4,405	(3,313)
Variation in judicial deposits	(10,755)	(3,332)	(10,843)	(2,774)
Variation in earnings and rights on securities in custody	5,950	4,937	5,950	4,937
Variation in suppliers	(23,654)	4,295	(15,088)	4,153
Variation in provision for taxes and contributions payable	(2,747)	(3,506)	(2,379)	(3,456)
Variation in income tax and social contribution	-	-	(1,131)	(1,922)
Variation in salaries and social charges	366	14,278	419	14,497
Variation in other liabilities	72,905	37,291	169,304	105,558
Variation in provision for tax, civil and labor contingencies	25,139	3,902	25,385	3,963
Variation in obligation with post-retirement health care benefit	1,717	-	1,717	-
<b>Net cash provided by operating activities</b>	<b>1,920,329</b>	1,321,159	<b>1,918,028</b>	1,327,666

**Cash flows from investing activities**

Proceeds from sale of property and equipment	1,092	2,046	1,174	2,103
Payment for purchase of property and equipment	(128,860)	(67,377)	(129,044)	(67,557)
Dividends received	98,080	124,470	98,080	124,470
Acquisition of software and projects	(216,849)	(191,815)	(216,849)	(191,815)
<b>Net cash used in investing activities</b>	<b>(246,537)</b>	<b>(132,676)</b>	<b>(246,639)</b>	<b>(132,799)</b>

**Cash flows from financing activities**

Disposal of treasury shares - stock options exercised	51,985	24,404	51,985	24,404
Repurchase of shares	(531,215)	(16,303)	(531,215)	(16,303)
Changes in financing	(316)	-	(316)	-
Interest paid	(85,168)	(75,723)	(85,168)	(75,723)
Payment of dividends and interest on equity	(1,108,630)	(1,148,251)	(1,108,630)	(1,148,251)
<b>Net cash used in financing activities</b>	<b>(1,673,344)</b>	<b>(1,215,873)</b>	<b>(1,673,344)</b>	<b>(1,215,873)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>448</b>	<b>(27,390)</b>	<b>(1,955)</b>	<b>(21,006)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>36,326</b>	<b>63,716</b>	<b>43,642</b>	<b>64,648</b>
<b>Cash and cash equivalents at end of year</b>	<b>36,774</b>	<b>36,326</b>	<b>41,687</b>	<b>43,642</b>

See accompanying notes.

**Statements of value added**
 Years ended December 31, 2013 and 2012  
 (In thousands of reais)

	BM&FBOVESPA		Consolidated	
	2013	2012	2013	2012
1 - Revenues	<b>2,334,355</b>	2,256,736	<b>2,370,229</b>	2,289,023
Trading and/or settlement system	<b>1,940,508</b>	1,899,881	<b>1,940,508</b>	1,899,881
Other revenues	<b>393,847</b>	356,855	<b>429,721</b>	389,142
2 - Goods and services acquired from third parties	<b>244,621</b>	260,137	<b>257,415</b>	266,530
Expenses (a)	<b>244,621</b>	260,137	<b>257,415</b>	266,530
3 - Gross value added (1-2)	<b>2,089,734</b>	1,996,599	<b>2,112,814</b>	2,022,493
4 - Retentions	<b>117,924</b>	91,944	<b>119,661</b>	93,742
Depreciation and amortization	<b>117,924</b>	91,944	<b>119,661</b>	93,742
5 - Net value added produced by the company (3-4)	<b>1,971,810</b>	1,904,655	<b>1,993,153</b>	1,928,751
6 - Value added transferred from others	<b>471,618</b>	451,943	<b>471,388</b>	446,487
Equity pick- up in subsidiaries and associate	<b>175,131</b>	157,652	<b>171,365</b>	149,270
Financial income	<b>296,487</b>	294,291	<b>300,023</b>	297,217
7 - Total value added to be distributed (5+6)	<b>2,443,428</b>	2,356,598	<b>2,464,541</b>	2,375,238
8 - Distribution of value added	<b>2,443,428</b>	2,356,598	<b>2,464,541</b>	2,375,238
Personnel and related charges	<b>341,772</b>	341,957	<b>356,120</b>	353,880
Board and committee members' compensation	<b>8,078</b>	6,634	<b>8,078</b>	6,634
Taxes, charges and contributions (b)				
Federal	<b>864,856</b>	817,538	<b>870,039</b>	822,993
Municipal	<b>30,076</b>	28,148	<b>30,869</b>	29,109
Financial expenses	<b>117,130</b>	88,031	<b>118,488</b>	88,366
Interest on equity and dividends	<b>865,213</b>	1,074,290	<b>865,213</b>	1,074,256
Retained net income for the year	<b>216,303</b>	-	<b>215,734</b>	-

(a) Expenses (exclude personnel, board and committee members' compensation, depreciation and taxes).

(b) Includes: Taxes, PIS and COFINS, taxes on services, current and deferred income tax and social contribution.

See accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

**December 31, 2013 and 2012**  
(In thousands of reais)

## 1 OPERATIONS

BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA) is a publicly-traded corporation having its headquarters in the city of São Paulo and whose objective is to carry out or invest in companies engaged in the following activities:

- Management of organized securities markets, promoting the organization, operation and development of free and open markets for the trading of any types of securities or contracts, that have as reference or objective financial assets, indices, indicators, rates, goods, currencies, energy, transportation, commodities and other assets or rights directly or indirectly related thereto, for spot or future settlement;
- Maintenance of appropriate environments or systems for carrying out purchases, sales, auctions and special operations involving securities, notes, rights and assets, in the stock exchange market and in the organized over-the-counter market;
- Rendering services of registration, clearing and settlement, both physical and financial, internally or through a company especially incorporated for this purpose, assuming or not the position of central counterparty and guarantor of the definite settlement, under the terms of applicable legislation and its own regulations;
- Rendering services of central depository and custody of fungible and non-fungible goods, marketable securities and any other physical and financial assets;
- Providing services of standardization, classification, analysis, quotations, statistics, professional education, preparation of studies, publications, information, libraries and software on matters of interest to BM&FBOVESPA and the participants in the markets directly or indirectly managed by it;
- Providing technical, administrative and managerial support for market development, as well as carrying out educational, promotional and publishing activities related to its objective and to the markets managed by it;
- Performance of other similar or related activities authorized by the Brazilian Securities Commission (CVM); and
- Investment in the capital of other companies or associations, headquartered in Brazil or abroad, as a partner, shareholder or member pursuant to the pertinent regulations.

BM&FBOVESPA organizes, develops and provides for the operation of free and open securities markets, for spot and future settlement. Its activities are carried out through its trading systems and clearinghouses, and include transactions with securities, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (SELIC).

BM&FBOVESPA develops technology solutions and maintains high performance systems, providing its customers with security, agility, innovation and cost effectiveness. The success of its activities depends on the ongoing improvement, enhancement and integration of its trading and settlement platforms and its ability to develop and license leading-edge technologies required for the good performance of its operations.

The subsidiary Bolsa Brasileira de Mercadorias is engaged in the registration and settlement of spot, forward and options transactions involving commodities, assets and services for physical delivery, as well as securities representing these products, in the primary and secondary markets.

With the objective of responding to the needs of customers and the specific requirements of the market, its wholly-owned subsidiary Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A. provides its members and its clearinghouses with a centralized custody service for the assets pledged as margin for transactions.

The subsidiaries BM&FBOVESPA (UK) Ltd. located in London and BM&F (USA) Inc., located in the city of New York, USA, and a representative office in Shanghai, China, represent BM&FBOVESPA abroad through relationships with other exchanges and regulators, as well as assisting in the procurement of new clients for the market.

## 2 PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of BM&FBOVESPA on February 13, 2014.

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil.

The preparation of financial statements requires the use of critical accounting estimates and also the exercise of judgment by management in the process of applying the accounting policies of BM&FBOVESPA. Those areas that require higher degrees of judgment and have greater complexity, as well as areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3(w).

### (a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements include the balances of BM&FBOVESPA and its subsidiaries, as well as special purpose entities comprising investment funds, as follows:

## Subsidiaries and controlled entities

	Ownership %
Banco BM&FBOVESPA de Serviços de Liquidação e Custódia S.A. ("Banco BM&FBOVESPA")	100.00
Bolsa Brasileira de Mercadorias	53.28
Bolsa de Valores do Rio de Janeiro – BVRJ ("BVRJ")	86.95
BM&F (USA) Inc.	100.00
BM&FBOVESPA (UK) Ltd.	100.00

## Exclusive investment funds:

Bradesco Fundo de Investimento Renda Fixa Letters  
 BB Pau Brasil Fundo de Investimento Renda Fixa  
 HSBC Fundo de Investimento Renda Fixa Longo Prazo Eucalipto

**(b) Individual financial statements**

The individual financial statements of the parent company have been prepared in accordance with accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPC), and are published together with the consolidated financial statements.

In the individual financial statements (BM&FBOVESPA), subsidiaries are recorded using the equity method. The same adjustments are made both to the individual and consolidated financial statements to achieve the same profit or loss and net assets attributable to the shareholders of the parent company.

**3 SIGNIFICANT ACCOUNTING PRACTICES****a. Consolidation**

The following accounting practices are applied in preparing the consolidated financial statements.

**Subsidiaries**

Subsidiaries are all entities over which BM&FBOVESPA has the power to govern the financial and operating policies, generally accompanied by a participation of more than half of the voting rights (voting capital). The existence and effect of potential voting rights currently exercisable or convertible are considered when assessing whether BM&FBOVESPA controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to BM&FBOVESPA. Consolidation is discontinued from the date on which control ends.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting practices of subsidiaries are altered where necessary to ensure consistency with the practices adopted by BM&FBOVESPA.

**Associates**

Associates are all entities over which BM&FBOVESPA has significant influence but not control. Investments in associates are recorded using the equity method and are initially recognized at the cost of each purchase. BM&FBOVESPA's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment.

The share of BM&FBOVESPA in the post-acquisition profits or losses of associates is recognized in the statement of income and its share in post-acquisition changes in other comprehensive income recognized in other comprehensive income. The cumulative post-acquisition changes are adjusted against the carrying value of the investment. When the share of BM&FBOVESPA in the losses of an associate equals or exceeds its investment in the associate, including any other receivables, BM&FBOVESPA does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains arising from transactions between BM&FBOVESPA and its associates are eliminated to the extent of the interest of BM&FBOVESPA in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting practices of associates are adjusted, where necessary, to ensure consistency with the practices adopted by BM&FBOVESPA.

**b. Revenue recognition**

Revenues from the rendering of services and from trading and settlement systems are recognized upon the completion of the transactions or the provision of the service, under the accrual method of accounting. The amounts received as annual fees, as in the cases of listing of securities and certain contracts for sale of market information, are recognized pro rata monthly over the contractual term.

**c. Cash and cash equivalents**

The balances of cash and cash equivalents for cash flow statement purposes comprise cash and bank deposits.

**d. Financial instruments****(i) Classification and measurement**

BM&FBOVESPA classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets on initial recognition.

Considering the nature and objective of BM&FBOVESPA and its financial investment portfolio, these are classified as financial assets at fair value through profit or loss, designated at inception.

**Financial assets measured at fair value through profit or loss**

Financial assets measured at fair value through profit or loss are financial assets held for active and frequent trading (derivative financial instruments classified as current assets) or assets designated by the entity on initial recognition as measured at fair value through profit or loss (other financial instruments (Note 4)). Gains or losses arising from the changes in fair value of financial instruments are recorded in the statement of income in "Financial results" for the period in which they occur.

**Loans and receivables**

These comprise loans granted and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for those with maturity of more than 12 months after the balance sheet date (which are classified as non-current assets). The loans and receivables of BM&FBOVESPA mostly comprise customer receivables. Loans and receivables are recorded at amortized cost using the effective interest rate method less any impairment losses.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives which are classified in this category or not classified in any other. Available-for-sale financial assets are recorded at fair value. Interest on available-for-sale securities, calculated using the effective interest rate method, is recognized in the statement of income as Finance income. The amount relating to the changes in fair value is recorded in comprehensive income, net of taxes, and is transferred to the statement of income when the asset is sold or becomes impaired.

Management periodically monitors its outstanding positions and possible risks of impairment of financial assets. Therefore, based on the nature of these assets (mostly highly liquid government securities), BM&FBOVESPA has no significant impairment history.

The carrying amount of financial assets is reduced directly for impairment impacting the results on the statement of income. Subsequent recoveries of amounts previously written off are recognized in the income statement.

**Fair value**

Fair values of investments with public quotations are based on current market prices. For financial assets without an active market or public quotation, BM&FBOVESPA determines fair value through valuation techniques.

**(ii) Derivative instruments**

Initially, derivatives are recognized at fair value on the date the derivative agreement is signed and, subsequently, are measured at fair value, with the changes in fair value recognized in the income statement.

**(iii) Hedge of net investments**

Any gain or loss on the hedging instrument related to the effective portion of the hedge is recognized in other comprehensive income, net of tax effects. The gain or loss related to the ineffective portion is recognized immediately in the income statement.

Any cumulative gains and losses in equity are transferred to the income statement when the hedged foreign operation is partially disposed of or sold.

**(iv) Hedge effectiveness analysis**

BM&FBOVESPA adopts the Dollar offset method as the methodology for retrospective effectiveness test on a cumulative and spot basis. For prospective analysis, BM&FBOVESPA uses stress scenarios applied to the range of 80% to 125%.

**e. Accounts receivable, other receivables and provision for impairment of receivables**

Trade accounts receivable are amounts receivable for fees and services in the normal course of activities of BM&FBOVESPA. If the collection is expected in one year or less (or another period that meets the normal cycle of BM&FBOVESPA), the accounts receivable are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are initially recognized at transaction value and adjusted for a provision for impairment of receivables, if necessary.

**f. Prepaid expenses**

Prepaid expenses mainly relate to software maintenance contracts and insurance premiums, and are amortized over the life of the contracts.

**g. Non-current assets held for sale**

Non-current assets are classified as held for sale when their carrying amount can be recovered principally through a sale transaction and the sale is highly probable. These assets are measured at the lower of the carrying amount and the fair value less costs to sell.

**h. Intangible assets****Goodwill**

Goodwill represents the positive difference between the amount paid and/or payable for the acquisition of a business and the net fair value of assets and liabilities of the acquiree. Goodwill on acquisitions is recorded in "Intangible assets". If the difference is negative, representing a negative goodwill, it is recognized as a gain in the income statement at the date of acquisition. Goodwill is tested annually for impairment, and indications of possible impairment are reassessed in shorter periods. Goodwill is stated cost less accumulated impairment losses. Recognized impairment losses on goodwill are not subsequently reversed.

Goodwill is allocated to Cash-Generating Units (CGUs) for purposes of impairment testing. The allocation is made to the CGUs that should benefit from the business combination in which the goodwill arose.

**Software and projects**

Software licenses acquired are capitalized based on incurred costs and amortized over their estimated useful life, at the rates mentioned in Note 9.

Costs of software development or maintenance are expensed as incurred. Expenditures directly associated with the development of identifiable and unique software, controlled by BM&FBOVESPA and which will probably generate economic benefits greater than the costs for more than one year, are recognized as intangible assets.

Amortization expense is recognized in the income statement unless it is included in the carrying amount of another asset. In such cases, amortization of intangible assets used for development activities is included as part of the cost of the other intangible assets.

Expenditures for development of software recognized as assets are amortized using the straight-line method over the assets' useful lives, at the rates described in Note 9.

**i. Property and equipment**

These are recorded at the cost of acquisition or construction less accumulated depreciation. Depreciation is calculated under the straight-line method and takes into consideration the estimated useful lives of the assets and their residual value. At the end of each year, the residual values and useful lives of assets are reviewed and adjusted if necessary.

Subsequent costs are included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will be obtained and the cost of the item can be measured reliably. All other repair and maintenance costs are recorded in the income statement, as incurred.

Depreciation expense is recognized in the income statement unless it is included in the carrying amount of another asset. Depreciation of fixed assets used for development activities is included as part of the cost of the related intangible asset.

**j. Provisions for tax, civil and labor contingencies, contingent assets and liabilities and judicial deposits**

The recognition, measurement, and disclosure of provisions for tax, civil and labor contingencies, contingent assets and liabilities and judicial deposits comply with the criteria defined in CPC 25/IAS 37.

**k. Judicial deposits**

Judicial deposits are related to tax, civil and labor contingencies and are adjusted for inflation and presented in non-current assets.

**l. Collateral for transactions**

Comprises amounts received from market participants as collateral for default or insolvency. Amounts received in cash are recorded as liabilities and other collaterals are managed off-balance sheet. Both types of collateral received are not subject to interest or any other charges.

**m. Other assets and liabilities**

These are stated at their known and realizable/settlement amounts plus, where applicable, related earnings and charges and monetary and/or exchange rate variations up to the balance sheet date.

**n. Impairment of assets**

Assets that have an indefinite life, such as goodwill, are not subject to amortization and are tested annually for impairment, and indications of possible impairment are reassessed in shorter periods. The assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-Generating Units (CGU)). Non-financial assets other than goodwill that suffered impairment are reviewed subsequently for possible reversal of the impairment at each reporting date.

**o. Leases**

Leases of property and equipment in which BM&FBOVESPA retains substantially all of the risks and rewards of ownership of the asset are classified as finance leases. These finance leases are recorded as a financed purchase, recognizing at the inception of the lease a property and equipment item and a financing liability (lease). Property and equipment acquired in finance leases are depreciated over their useful lives.

A lease in which a significant portion of the risks and rewards of ownership remains with the lessor is classified as an operating lease. Operating lease payments (net of all incentives received from the lessor) are charged directly to profit or loss.

**p. Employee benefits**

**(i) Pension obligations**

BM&FBOVESPA maintains a defined contribution retirement plan with voluntary participation open to all employees. The Company has no obligations to make additional payments as a sponsor. The regular contributions are included in personnel costs in the period they are due.

**(ii) Share-based remuneration (stock options)**

BM&FBOVESPA maintains a long-term remuneration plan, structured by options granted to purchase the Company's shares under the Stock Option Plan. The objective is to give the employees of BM&FBOVESPA and its subsidiaries the opportunity to become shareholders of BM&FBOVESPA, obtaining a greater alignment between its interests and the shareholders' interests as well as allow BM&FBOVESPA and its subsidiaries to attract and retain their management and employees. The fair value of options granted is recognized as an expense during the vesting period (the period during which the specific vesting conditions must be met). At the balance sheet date, BM&FBOVESPA reviews its estimates of the number of options that will vest based on the established conditions. BM&FBOVESPA recognizes the impact of any changes to the original estimates, if any, in the income statement, against a capital reserve in equity.

**(iii) Profit sharing**

BM&FBOVESPA has semi-annual variable remuneration, organized and paid in cash through the Profit Sharing Program. The program defines the potential multiple of monthly salary, based on individual performance indicators, which consider factors specific to each function (job level), and indicators of the overall performance of BM&FBOVESPA, aiming to align the remuneration of employees with the results of the Company. The provision for the related expense is recognized in income on an accrual basis.

**(iv) Other post-employment obligations**

BM&FBOVESPA offers post-retirement healthcare benefit to the employees who have acquired this right until May 2009. The right to this benefit is conditional on the employee remaining with the Company until the retirement age and completing a minimum service period. The expected costs of these benefits are accumulated over the period of employment or the period in which the benefit is expected to be earned, using the actuarial methodology which considers life expectancy of the group in question, increase in costs due to the age and medical inflation, inflation and discount rate. The contributions that participants make according to the specific rule of the Health Care Plan are deducted from these costs. The actuarial gains and losses on the health care plan post-employment are recognized in accordance with the rules of IAS 19 and CPC 33 - Employee Benefits, based on actuarial calculation prepared by an independent actuary, according to Note 18(c). These obligations are measured annually by qualified independent actuaries.

**q. Loans and financing**

Loans and financing are measured initially at fair value, less transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the funds raised (net of transaction costs) and the amount repayable is recognized in the income statement over the period of the loans, using the effective interest rate method.

**r. Foreign currency translation**

The items included in the financial statements for each of the consolidated companies of BM&FBOVESPA are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Brazilian reais, which is the functional currency of BM&FBOVESPA.

Transactions in foreign currencies are translated into Brazilian reais using the exchange rates prevailing on the dates of the transactions or the date of evaluation when items are remeasured. The foreign exchange gains and losses arising from the settlement of these transactions and from the translation, at the exchange rates at the end of the year, of monetary assets and liabilities in foreign currencies, are recognized in the income statement, except when deferred in other comprehensive income relating to a hedge of a net foreign investment.

Exchange differences on the net investments in foreign operations, which have a functional currency different from that of BM&FBOVESPA are recorded under "Equity adjustments" in other comprehensive income of BM&FBOVESPA, and are only taken to the income statement when the investment is sold or written off. For the equity pickup calculation, unrealized gains in subsidiaries and associates are eliminated.

**s. Taxes**

BM&FBOVESPA is a for-profit business corporation and accordingly its results are subject to certain taxes and contributions.

**(i) Current and deferred income tax and social contribution**

Current and deferred income and social contribution taxes for the year are calculated at 15%, plus a 10% surtax on taxable profit exceeding R\$240 for income tax, and 9% on taxable income for social contribution tax on net profit, and take into account the offset of income and social contribution tax losses, if any, limited to 30% of taxable profit.

Deferred income and social contribution taxes are calculated on respective tax losses, and temporary differences between the tax base on assets and liabilities and their carrying amounts contained in the financial statements.

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profit available to offset temporary differences and/or tax losses.

**(ii) Other taxes**

The other taxes charged over trading, clearing and settlement fees and other services were calculated at the rates of 1.65% for PIS and 7.60% for COFINS, and are recorded in P&L under "Revenues".

Banco BM&FBOVESPA calculates PIS and COFINS at the rates of 0.65% and 4%, respectively, and CSLL at 15%.

The subsidiaries Bolsa Brasileira de Mercadorias and BVRJ are not-for-profit entities and pay PIS at the rate of 1% on payroll.

BM&FBOVESPA and its subsidiaries pay Service Tax (ISS) on the services rendered at rates ranging from 2% to 5% depending on the nature of the service.

**t. Earnings per share**

For purposes of disclosure of earnings per share, basic earnings per share are calculated by dividing the profit attributable to shareholders of BM&FBOVESPA by the average number of shares outstanding during the period. Diluted earnings per share are calculated similarly, except that the quantity of outstanding shares is adjusted to reflect the additional shares that would have been outstanding if potentially dilutive shares had been issued for granted stock options (Note 15(h)).

**u. Distribution of dividends and interest on equity**

The distribution of dividends and interest on equity to shareholders of BM&FBOVESPA is recognized as a liability in the financial statements at the end of the year, based on the BM&FBOVESPA's Articles of Incorporation. Any amount above the mandatory minimum dividend is accrued only on the date it is approved by the shareholders at an Annual General Meeting. The tax benefit over the interest on equity is recorded in the income statement.

**v. Segment information**

Operating segments are presented in a manner consistent with the internal reports provided to the Executive Board, which is responsible for making the main operational and strategic decisions of BM&FBOVESPA and for implementing the strategies defined by the Board of Directors.

**w. Significant accounting estimates and judgments****i) Equity pickup**

BM&FBOVESPA applies the equity method to account for its investments in companies over which it has the ability to exercise significant influence. The judgment of BM&FBOVESPA regarding the level of influence over the investment takes into account key factors such as the ownership percentage, representation on the Board of Directors, participation in defining policies and business strategies and material transactions between the companies. With respect to the investment in CME Group, its financial statements are originally prepared in accordance with the US generally accepted accounting principles (US GAAP) and adjusted to the Brazilian accounting practices before applying the equity method.

**ii) Impairment of assets**

BM&FBOVESPA tests its assets, specifically goodwill and permanent assets, for impairment annually or when required, in accordance with the accounting practice described in Note 3(n). The sensitivity analyses are presented in Notes 7 and 9.

**iii) Classification of financial instruments**

BM&FBOVESPA classifies its financial assets into the categories of (i) measured at fair value through profit or loss and (ii) available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The basis for the original classification of financial assets is described in Note 3(d).

**iv) Stock option plan**

BM&FBOVESPA offers a stock option plan to its management and employees and service providers. The fair value of these options is recognized as an expense in the period in which the right is vested. Management reviews the estimated amount of options that will vest and subsequently recognizes the impact of changes in initial estimates, if any, in the income statement, matched against "Capital reserve" in equity, as stated in Note 3(p).

**v) Post-retirement health care plan**

The health care plan obligations depend on actuarial calculations that use a number of assumptions, which are disclosed in Note 18(c). Changes in assumptions could affect the carrying amount of the obligations related to the health care plan.

**4 CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS****a. Cash and cash equivalents**

Description	BM&FBOVESPA	
	2013	2012
Cash and bank deposits in local currency	267	62
Bank deposits in foreign currency	36,507	36,264
	<b>36,774</b>	<b>36,326</b>
<b>Cash and cash equivalents</b>		
Bank deposits in foreign currency – third-party funds (1)	1,154,902	-
<b>Total</b>	<b>1,191,676</b>	<b>36,326</b>
Description	Consolidated	
	2013	2012
Cash and bank deposits in local currency	417	305
Bank deposits in foreign currency	41,270	43,337
	<b>41,687</b>	<b>43,642</b>
<b>Cash and cash equivalents</b>		
Bank deposits in foreign currency – third-party funds (1)	1,154,902	-
<b>Total</b>	<b>1,196,589</b>	<b>43,642</b>

(1) Restricted third-party funds for full settlement of the exchange transaction (exchange clearing), settled on January 2, 2014.

Cash and cash equivalents are held with top-tier financial institutions in Brazil or abroad. Deposits in foreign currency are primarily in US dollars.

**b. Financial investments**

The breakdown of financial investments by category, nature and maturity is as follows:

Description						BM&FBOVESPA	
	Without maturity	Up to 3 months	More than 3 months and up to 12 months	More than 12 months and up to 5 years	More than 5 years	2013	2012
<b>Financial assets measured at fair value through profit or loss</b>							
Financial investment funds (1)	2,347,806	-	-	-	-	2,347,806	2,581,259
Interest-bearing account - foreign deposits	21,849	-	-	-	-	21,849	34,457
Repurchase agreements (2)	-	-	6,919	-	-	6,919	-
Federal government securities							
Financial Treasury Bills (LFT)	-	242,945	156,115	257,903	179,416	836,379	748,766
National Treasury Bills (LTN)	-	-	20	-	-	20	88,549
National Treasury Notes (NTN)	-	-	-	48	-	48	49
Other investments (3)	9,096	-	-	-	-	9,096	11,698
<b>Total financial investments</b>	<b>2,378,751</b>	<b>242,945</b>	<b>163,054</b>	<b>257,951</b>	<b>179,416</b>	<b>3,222,117</b>	<b>3,464,778</b>
<b>Short-term</b>						<b>2,784,750</b>	<b>3,093,547</b>
<b>Long-term</b>						<b>437,367</b>	<b>371,231</b>

Description	CONSOLIDATED						2013	2012
	Without maturity	Up to 3 months	More than 3 months and up to 12 months	More than 12 months and up to 5 years	More than 5 years			
<b>Financial assets measured at fair value through profit or loss</b>								
Financial investment funds (4)	223,256	-	-	-	-	223,256	214,813	
Interest-bearing account - foreign deposits	23,038	-	-	-	-	23,038	34,457	
Repurchase agreements (2)	-	2,023,507	28,062	-	-	2,051,569	2,235,579	
Federal government securities								
Financial Treasury Bills (LFT)	-	288,579	196,252	394,567	294,278	1,173,676	1,139,441	
National Treasury Bills (LTN)	-	9,996	4,308	108,449	-	122,753	112,849	
National Treasury Notes (NTN)	-	-	-	48	-	48	49	
Other investments (3)	9,099	-	-	-	-	9,099	12,691	
	255,393	2,322,082	228,622	503,064	294,278	3,603,439	3,749,879	
<b>Financial assets available for sale</b>								
Federal government securities								
Financial Treasury Bills (LFT)	-	31,032	16,148	23,042	47	70,269	55,877	
National Treasury Bills (LTN)	-	116	-	72	-	188	948	
National Treasury Notes (NTN)	-	-	-	275	-	275	293	
	-	31,148	16,148	23,389	47	70,732	57,118	
<b>Total financial investments</b>	<b>255,393</b>	<b>2,353,230</b>	<b>244,770</b>	<b>526,453</b>	<b>294,325</b>	<b>3,674,171</b>	<b>3,806,997</b>	
<b>Short-term</b>						<b>2,853,393</b>	<b>3,233,361</b>	
<b>Long-term</b>						<b>820,778</b>	<b>573,636</b>	

(1) Refers to investments in financial investment funds, whose portfolios mainly comprise investments in government securities and repurchase agreements that have the CDI (Interbank Deposit Certificate rate) as their profitability benchmark. The consolidated balances of investment funds are presented according to the nature and maturity of the portfolio in proportion of the net assets invested.

The net assets of the investment funds included in the consolidation of the financial statements are: (i) Bradesco FI Renda Fixa Letters – R\$1,529,024 (2012 - R\$1,820,865); (ii) BB Pau Brasil FI Renda Fixa – R\$340,641 (2012 - R\$201,652); (iii) HSBC FI Renda Fixa Longo Prazo Eucalipto – R\$254,933 (2012 - R\$106,947); (iv) Araucária Renda Fixa FI – R\$ 235,954 at December 31, 2012.

(2) Issued by top-tier banks and backed by government securities.

(3) Refers mainly to investments in gold.

(4) The primary non-exclusive investment funds are: (i) Bradesco Empresas FICFI Referenciado DI Federal, in the amount of R\$62,432 (2012 - R\$214,783); (ii) Araucária Renda Fixa FI – R\$101,031; (iii) FI Jacarandá Renda Fixa – R\$59,722.

The government securities are held in the custody of the Special System for Settlement and Custody (SELIC), the investment fund shares are held in the custody of their respective administrators and the shares are in the custody of BM&FBOVESPA's Equity and Corporate Debt Clearinghouse.

There was no reclassification of financial instruments between categories in the year.

**Fair value**

BM&FBOVESPA applies CPC 40/IFRS 7 for financial instruments measured at fair value, which requires disclosure of fair value measurements by level based on the hierarchies specified there.

The fair value of the main financial instruments is calculated as follows:

Financial investment funds - the fair value is determined based on the value of the unit on the last business day prior to the balance sheet date, as disclosed by the corresponding fund administrator.

Government securities – valued based on the amounts and prices disclosed by the Brazilian Financial and Capital Markets Association (ANBIMA) or, when these are unavailable, on the price determined by management which best reflects the sales value, determined based on information obtained from other institutions.

Repurchase agreements - valued daily in accordance with the market price of the security.

Financial assets measured at fair value through profit or loss and derivative financial instruments are classified as level 1, i.e. they have quoted prices (unadjusted) in active markets.

During the year no impairment loss was recorded for the available-for-sale financial instruments.

**Derivative financial instruments**

Derivative financial instruments comprise future interest rate contracts (DI1) stated at their market values. These contracts are included in the exclusive fund portfolios which were consolidated (Note 2(a)) and are used to cover fixed interest rate exposures, swapping fixed interest rate for floating interest rate (CDI). Even though these derivatives are designated for hedge, management has opted not to apply hedge accounting with respect to them.

The net result between the derivative transactions and the related financial instrument refers to the short position in future interest rate contracts, with market value of R\$16,528 (R\$5,121 at December 31, 2012).

DI1 contracts have the same maturity dates as the fixed interest rate contracts to which they relate.

**Financial risk management policy**

BM&FBOVESPA's policy for cash investments favors alternatives with very low risk, highly liquid and with sovereign risk, whose overall performance is tied to the SELIC / CDI rate, resulting in a significant proportion of government securities in its portfolio, purchased directly, via repurchase agreements backed by government securities and also through exclusive and non-exclusive funds.

**Sensitivity analysis**

The table below presents the net exposure of all financial instruments (assets and liabilities) by market risk factors, classified in accordance with their rates:

Exposure to Risk Factors (Consolidated)			
Risk Factor	Risk	2013	2012
		Percentage	Percentage
Floating interest rate	Lower CDI / SELIC rate	97.53%	95.40%
Fixed interest rate	Higher fixed rate	0.45%	3.59%
Foreign exchange	Higher dollar exchange rate	1.77%	0.68%
Gold Price	Lower gold price	0.24%	0.32%
Inflation	Lower inflation rate	0.01%	0.01%
		<u>100.00%</u>	<u>100.00%</u>

**Interest rate risk**

This risk arises from the possibility that fluctuations in future interest rates for the corresponding maturities could affect the fair value of BM&FBOVESPA's transactions.

- Floating-rate position

As a financial investment policy and considering the need for immediate liquidity with the least possible impact from interest rate fluctuations, BM&FBOVESPA maintains its financial assets and liabilities indexed to floating interest rates.

We present in the table below the possible impacts on profit or loss of a change of 25% and 50% from the probable scenario for the CDI/SELIC rate, for the next three months:

Risk factor		Impact on P&L				
		Scenario	Scenario	Probable	Scenario	Scenario
		-50%	-25%	Scenario	25%	50%
Financial investments	CDI/Selic	38,813	57,703	76,268	94,520	112,471
Index rates	CDI/Selic	4.98%	7.47%	9.96%	12.45%	14.94%

- Fixed-rate position

Part of BM&FBOVESPA's financial investments earns fixed interest rates what results in a net exposure to such rates. However, in terms of percentage, in view of the amounts involved, the effects on the portfolio are not considered material.

**Currency risk**

This risk arises from the possibility of fluctuations in exchange rates in connection with the acquisition of inputs, product sales and asset and liability financial instruments could have an impact on the related amounts in local currency.

In addition to the amounts payable and receivable in foreign currencies, including interest payments on the senior unsecured notes in the next six-month period, BM&FBOVESPA has third-party deposits in foreign currency to guarantee the settlement of transactions by foreign investors and also own funds in foreign currency abroad. At December 31, 2013, the net foreign currency exposure amounted to R\$64,049 (negative) (positive R\$26,455 at December 31, 2012). In view of the amounts involved, the effects on the portfolio are not considered material.

**Liquidity risk**

The following table shows the main financial liabilities of BM&FBOVESPA by maturity, represented by non-derivative financial liabilities, on an undiscounted cash flows basis:

	Without maturity	Within 1 year	From 1 to 2 years	From 2 to 5 years	More than 5 years
Collateral for transactions	2,072,989				
Debt issued abroad (1)		79,947	79,947	240,060	1,596,413

(1) Amounts converted @ PTAX - sale closing rate

**Credit risk and capital management**

BM&FBOVESPA prefers very low risk investments, where more than 99% of the allocation of assets is linked to government securities with ratings set by Standard & Poor's and Moody's of "A-" and "Baa2", respectively, for long-term issues in local currency and characterized as investment grade, in order to obtain high liquidity and sovereign risk, with overall performance linked to the CDI/SELIC rate.

The issue of Senior Notes (Note 12) was linked to increasing our equity interest in CME and the creation of a strategic partnership between the companies. In addition, it serves as a natural hedge for the USD exposure generated by the increased investment in CME Group.

**5 ACCOUNTS RECEIVABLE**

The breakdown of accounts receivable is as follows:

Description	BM&FBOVESPA	
	2013	2012
Fees	10,972	13,379
Annual fees	5,485	5,323
Vendors - Signal broadcasting	11,620	11,282
Trustee and custodial fees	23,592	21,588
Other accounts receivable	8,704	10,207
<b>Subtotal</b>	<b>60,373</b>	<b>61,779</b>
Allowance for doubtful accounts	(7,677)	(6,686)
<b>Total</b>	<b>52,696</b>	<b>55,093</b>

**Consolidated**

Description	2013	2012
Fees	12,287	14,621
Annual fees	5,485	5,323
Vendors - Signal broadcasting	11,620	11,282
Trustee and custodial fees	23,592	21,588
Other accounts receivable	9,172	10,910
<b>Subtotal</b>	<b>62,156</b>	<b>63,724</b>
Allowance for doubtful accounts	(7,929)	(6,875)
<b>Total</b>	<b>54,227</b>	<b>56,849</b>

The amounts presented above are primarily denominated in Brazilian reais and approximately 90% falls due within 90 days. At December 31, 2013, the amounts overdue above 90 days totaled R\$7,682 (R\$6,742 at December 31, 2012) in BM&FBOVESPA

The provisioning methodology, as approved by management, is based on the analysis of historical losses. Therefore, a provision is estimated based on historical loss experience for established thresholds (i.e. a specific number of days past due) as a percentage of past-due amounts so as to reflect expected future losses.

Changes in provision for losses:

	BM&FBOVESPA	Consolidated
<b>Balance at December 31, 2011</b>	<b>6,315</b>	<b>6,315</b>
Additions	2,162	2,351
Reversals	(1,006)	(1,006)
Write-offs	(785)	(785)
<b>Balance at December 31, 2012</b>	<b>6,686</b>	<b>6,875</b>
Additions	1,872	1,982
Reversals	(244)	(283)
Write-offs	(637)	(645)
<b>Balance at December 31, 2013</b>	<b>7,677</b>	<b>7,929</b>

**6 OTHER RECEIVABLES**

Other receivables comprise the following:

	BM&FBOVESPA	
	2013	2012
<b>Current assets</b>		
Dividends receivable - CME Group (Note 16)	71,878	-
Receivables - related parties (Note 16)	3,307	2,272
Properties held for sale	3,812	-
Advance to employees	1,814	1,986
Other	78	396
<b>Total</b>	<b>80,889</b>	<b>4,654</b>
	Consolidated	
	2013	2012
<b>Current assets</b>		
Dividends receivable - CME Group (Note 16)	71,878	-
Receivables - related parties (Note 16)	285	968
Properties held for sale	3,812	-
Advance to employees	1,841	2,026
Other	1,456	1,147
<b>Total</b>	<b>79,272</b>	<b>4,141</b>
<b>Noncurrent assets</b>		
Brokers in court-ordered liquidation (2)	2,200	2,200
<b>Total</b>	<b>2,200</b>	<b>2,200</b>

(1) Balance of accounts receivable from brokers in court-ordered liquidation, which considers the guarantee represented by the equity certificates pledged by the debtor.

**7 INVESTMENTS****a. Investments in subsidiaries and associates**

Investments in subsidiaries and associates comprise the following:

Investees	Equity	Total shares	Adjusted P&L	% - Ownership	Investment 2013	Investment 2012	Equity pickup 2013	Equity pickup 2012
<b>Subsidiaries</b>								
Banco BM&FBOVESPA de Liquidação e Custódia S.A.	59,028	24,000	6,670	100	59,028	55,143	6,670	5,494
Bolsa Brasileira de Mercadorias	14,437	403	(726)	53,28	7,692	8,079	(387)	(641)
Bolsa de Valores do Rio de Janeiro - BVRJ	60,674	115	(3,097)	86,95	52,756	55,449	(2,693)	3,390
BM&F (USA) Inc.	1,189	1,000	131	100	1,189	937	131	200
BM&FBOVESPA (UK) Ltd.	1,353	1,000	45	100	1,353	1,079	45	(61)
					<b>122,018</b>	<b>120,687</b>	<b>3,766</b>	<b>8,382</b>
<b>Associate</b>								
CME Group, Inc. (1)	49,570,587	333,855	2,089,091	5,1	3,312,606	2,893,632	106,518	89,074
Recoverable income tax paid abroad (2)					-	-	64,847	60,196
					<b>3,312,606</b>	<b>2,893,632</b>	<b>171,365</b>	<b>149,270</b>
<b>Total</b>					<b>3,434,624</b>	<b>3,014,319</b>	<b>175,131</b>	<b>157,652</b>

Summary of key financial information of subsidiaries and associate at December 31, 2013:

Description	Banco BM&FBOVESPA	Bolsa Brasileira de Mercadorias	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&F (USA) Inc.	BM&FBOVESPA (UK) Ltd.	CME Group, Inc.
Assets	406,689	16,541	74,209	1,352	1,807	127,151,174
Liabilities	347,660	2,105	13,535	163	454	77,580,587
Revenues	22,026	6,456	8,559	2,019	1,402	6,878,576

Changes in investments:

Investments	Subsidiaries			Associate			Total
	Banco BM&FBOVESPA	Bolsa Brasileira de Mercadorias	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&F (USA) Inc.	BM&FBOVESPA (UK) Ltd.	CME Group, Inc.	
<b>Balances at December 31, 2011</b>	<b>49,628</b>	<b>8,720</b>	<b>52,059</b>	<b>646</b>	<b>1,016</b>	<b>2,673,386</b>	<b>2,785,455</b>
Equity pickup	5,494	(641)	3,390	200	(61)	89,074	97,456
Exchange variation (3)	-	-	-	91	124	240,462	240,677
Comprehensive income (loss) of associate/subsidiary	21	-	-	-	-	15,180	15,201
Dividends received	-	-	-	-	-	(124,470)	(124,470)
<b>Balances at December 31, 2012</b>	<b>55,143</b>	<b>8,079</b>	<b>55,449</b>	<b>937</b>	<b>1,079</b>	<b>2,893,632</b>	<b>3,014,319</b>
Equity pickup	6,670	(387)	(2,693)	131	45	106,518	110,284
Exchange variation (3)	-	-	-	121	229	431,180	431,530
Comprehensive income (loss) of associate/subsidiary	(35)	-	-	-	-	51,234	51,199
Dividends received / receivable	(2,750)	-	-	-	-	(169,958)	(172,708)
<b>Balances at December 31, 2013</b>	<b>59,028</b>	<b>7,692</b>	<b>52,756</b>	<b>1,189</b>	<b>1,353</b>	<b>3,312,606</b>	<b>3,434,624</b>

- (1) In July 2010, with the acquisition of a 3.2% interest in CME Group for the amount of R\$1,075,119, increasing the ownership interest from 1.8% to 5%, BM&FBOVESPA began to recognize the investment using the equity method in accordance with CPC 18/IAS 28, because management understands that the qualitative aspects of the relationship between the two companies indicate the existence of significant influence of BM&FBOVESPA over CME Group.

At December 31, 2013, the fair value of the investment based on the market price of shares was R\$3,119,716. Considering that the market value of the investment in CME Group is less than its carrying amount, management of BM&FBOVESPA performed an impairment test as at November 30, 2012, which did not indicate the need to recognize impairment losses on the investment in CME Group.

The impairment test was based on the discounted cash flow method. Considering the expected growth of the industries where CME Group operates, management projected a cash flow that considers activity-related revenue and expenses expressed in nominal US dollars.

Operating cash flows were projected for the period December 2013 to December 2018. Perpetuity was derived by extrapolating free cash flow for 2018 at a growth rate expected for the US nominal GDP in the long term, namely 4.66% per annum (p.a.). The pre-tax discount rate used to obtain the present value of cash flows was 11.43% p.a.

The two major variables impacting the value in use computed for the investment are the discount and perpetuity growth rates. The sensitivity analyses show that a 100 bps increase in the pre-tax discount rate (from 11.43% to 12.43% p.a.) decreases value in use by approximately 13%, while a 25 bps decrease in the perpetuity growth rate (from 4.66% to 4.41% p.a.) decreases value in use by approximately 5%. The changes in the variables affecting value in use, for purposes of the sensitivity analysis, were determined by reference to a standard deviation of the discount rates over the past four years (which best reflect the existing capital structure of CME group) for the former variable, and a standard deviation of US real GDP at a 30-year historical average for the latter variable. Value in use is less sensitive to changes in projected net revenue. Considering a 10% decrease in the average annual revenue growth from 2014 to 2018, value in use decreases by some 4%. None of the three foregoing sensitivity scenarios, when reviewed separately, resulted in amounts less than the carrying value of the investment at December 31, 2013.

- (2) Refers to recoverable tax paid by the foreign associate, according to Law No. 9249/95 and Revenue Procedure No. 213/02 of the Brazilian Internal Revenue Service (RFB).
- (3) In July 2010, BM&FBOVESPA issued debt abroad to protect part of the foreign exchange risk on the investment in CME Group (hedge of net investment) through the designation of a non-derivative financial instrument (debt issuance abroad) as a hedge, as presented in Note 12. We present below the sensitivity analysis to exchange rate variations for the non-hedged portion of the investment in CME Group:

	Impact on equity			
	Decrease in Dollar rate		Increase in Dollar rate	
	-50%	-25%	25%	50%
Exchange rate	1.1713	1.7570	2.9283	3.5139
Exchange rate variation on investment in foreign associate	(1,656,303)	(828,152)	828,152	1,656,303
Exchange rate variation on hedge of net foreign investment	716,836	358,418	(358,418)	(716,836)
Tax effect on exchange rate variation on hedge of net foreign investment	(243,724)	(121,862)	121,862	243,724
<b>Net effect</b>	<b>(1,183,191)</b>	<b>(591,596)</b>	<b>591,596</b>	<b>1,183,191</b>

**b. Investment property**

This category comprises properties owned by subsidiary BVRJ - Bolsa de Valores do Rio de Janeiro for rent, which are carried at cost and depreciated at the rate of 4% per year.

	<u>Consolidated</u>
<b>Balance at December 31, 2011</b>	<b>36,700</b>
Depreciation	(1,512)
<b>Balance at December 31, 2012</b>	<b>35,188</b>
Depreciation	(1,517)
<b>Balance at December 31, 2013</b>	<b>33,671</b>

Rental income from these properties for the year ended December 31, 2013 was R\$8,362 (R\$7,406 at December 31, 2012).

**8 PROPERTY AND EQUIPMENT**

	<b>BM&amp;FBOVESPA</b>						
Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Fixed assets in progress	Total
<b>Balances at December 31, 2011</b>	<b>116,975</b>	<b>16,010</b>	<b>117,588</b>	<b>47,036</b>	<b>33,177</b>	<b>21,804</b>	<b>352,590</b>
Additions	-	1,142	26,786	1,233	1,533	36,683	67,377
Write-offs	(21)	(39)	(348)	-	(1,436)	-	(1,844)
Transfers (Note 9)	-	-	(848)	18	-	758	(72)
Reallocations/adjustments	4,001	3,474	3,686	12,359	1,060	(24,438)	142
Depreciation	(3,011)	(2,837)	(46,361)	(6,010)	(3,395)	-	(61,614)
<b>Balances at December 31, 2012</b>	<b>117,944</b>	<b>17,750</b>	<b>100,503</b>	<b>54,636</b>	<b>30,939</b>	<b>34,807</b>	<b>356,579</b>
Additions	1,449	2,472	13,596	2,694	3,535	105,114	128,860
Write-offs	(9)	(78)	(257)	(25)	(1,155)	-	(1,524)
Reallocations	(21)	-	-	-	21	-	-
Transfer to assets held for sale	(3,812)	-	-	-	-	-	(3,812)
Depreciation	(2,050)	(3,388)	(45,102)	(7,324)	(3,385)	-	(61,249)
<b>Balances at December 31, 2013</b>	<b>113,501</b>	<b>16,756</b>	<b>68,740</b>	<b>49,981</b>	<b>29,955</b>	<b>139,921</b>	<b>418,854</b>
<b>At December 31, 2013</b>							
Cost	214,682	49,398	337,389	80,984	78,316	139,921	900,690
Accumulated depreciation	(101,181)	(32,642)	(268,649)	(31,003)	(48,361)	-	(481,836)
<b>Net book balance</b>	<b>113,501</b>	<b>16,756</b>	<b>68,740</b>	<b>49,981</b>	<b>29,955</b>	<b>139,921</b>	<b>418,854</b>
<b>At December 31, 2012</b>							
Cost	221,333	48,569	333,073	78,333	77,060	34,807	793,175
Accumulated depreciation	(103,389)	(30,819)	(232,570)	(23,697)	(46,121)	-	(436,596)
<b>Net book balance</b>	<b>117,944</b>	<b>17,750</b>	<b>100,503</b>	<b>54,636</b>	<b>30,939</b>	<b>34,807</b>	<b>356,579</b>
							<b>Consolidated</b>

Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Fixed assets in progress	Total
<b>Balances at December 31, 2011</b>	<b>118,499</b>	<b>16,101</b>	<b>117,672</b>	<b>47,463</b>	<b>35,625</b>	<b>21,804</b>	<b>357,164</b>
Additions	-	1,159	26,878	1,233	1,604	36,683	67,557
Write-offs	(22)	(56)	(368)	-	(1,455)	-	(1,901)
Transfers (Note 9)	-	-	(848)	18	-	758	(72)
Reallocations/adjustments	4,001	3,474	3,686	12,359	1,060	(24,438)	142
Depreciation	(3,098)	(2,894)	(46,422)	(6,075)	(3,408)	-	(61,897)
<b>Balances at December 31, 2012</b>	<b>119,380</b>	<b>17,784</b>	<b>100,598</b>	<b>54,998</b>	<b>33,426</b>	<b>34,807</b>	<b>360,993</b>
Additions	1,449	2,498	13,648	2,694	3,641	105,114	129,044
Write-offs	(9)	(104)	(301)	(25)	(1,167)	-	(1,606)
Reallocations/adjustments	(21)	-	-	-	21	-	-
Transfer to assets held for sale	(3,812)	-	-	-	-	-	(3,812)
Depreciation	(2,138)	(3,399)	(45,135)	(7,395)	(3,402)	-	(61,469)
<b>Balances at December 31, 2013</b>	<b>114,849</b>	<b>16,779</b>	<b>68,810</b>	<b>50,272</b>	<b>32,519</b>	<b>139,921</b>	<b>423,150</b>

**At December 31, 2013**

Cost	217,018	49,904	338,424	82,024	80,991	139,921	908,282
Accumulated depreciation	(102,169)	(33,125)	(269,614)	(31,752)	(48,472)	-	(485,132)
<b>Net book balance</b>	<b>114,849</b>	<b>16,779</b>	<b>68,810</b>	<b>50,272</b>	<b>32,519</b>	<b>139,921</b>	<b>423,150</b>

**At December 31, 2012**

Cost	223,669	49,052	334,064	79,373	79,638	34,807	800,603
Accumulated depreciation	(104,289)	(31,268)	(233,466)	(24,375)	(46,212)	-	(439,610)
<b>Net book balance</b>	<b>119,380</b>	<b>17,784</b>	<b>100,598</b>	<b>54,998</b>	<b>33,426</b>	<b>34,807</b>	<b>360,993</b>

In the year, BM&FBOVESPA absorbed as part of the project development cost the amount of R\$3,133 related to the depreciation of equipment used in developing these projects.

Properties with a carrying amount of approximately R\$38,831 are pledged as collateral in lawsuits. BM&FBOVESPA is not allowed to assign these assets as collateral for other lawsuits or sell them.

Property and equipment are depreciated over their estimated useful lives. Annual rates of depreciation of property and equipment items at December 31, 2013 and 2012 are as follows:

Buildings	2.5%
Furniture and fixtures	10%
Computer devices and equipment	10 to 25%
Facilities	10%
Other	11% to 33%

**9 INTANGIBLE ASSETS****Goodwill**

The goodwill of R\$16,064,309 is attributed to expected future profitability, supported by an economic and financial valuation report of the investment. According to the guidelines of CPC 01/IAS 36, the goodwill must be tested annually for impairment, or more frequently when there are indicators that impairment may have occurred. Goodwill is stated at cost less accumulated impairment losses. Impairment losses recognized on goodwill are not reversed.

The assumptions adopted for projecting future cash flows of BM&FBOVESPA, in the BOVESPA cash generating unit (CGU), were based on an analysis of its performance over the past years, on an analysis and expected growth of the industry where it operates, as well as on management's expectations and strategies.

BM&FBOVESPA uses external and independent experts to assist in the measurement of the asset's recoverable value (value in use). The report presented by such experts did not indicate the need to make negative adjustments to goodwill as of December 31, 2013.

Based on the growth expectations of the Bovespa segment, the projected cash flow considers revenues and expenses related to the segment's activities. The projection period of these cash flows covers the period from December 2013 to December 2023. The perpetuity was determined by extrapolating the 2023 cash flow at a growth rate corresponding to that expected for the nominal GDP in the long term, of 7.63% p.a.

Management understands that a ten-year projection period is based on the perception that the Brazilian capital market, in the variable income segment, should undergo a long period of growth until the long-term maturity is reached.

To determine the present value of the projected cash flow, an average pre-tax discount rate of 16.56% p.a. was used in the period from December 2013 to December 2017. From then on, the discount rate remains stable at 15.24% p.a., capturing the expected inflation changes in the period.

The two major variables that impact the calculated value in use are discount and perpetuity growth rates. BM&FBOVESPA management carried out sensitivity analyses to determine the impacts of changes in such variables on the calculated value in use. The corresponding pre-tax discount rate for the entire period is 15.45% p.a., and an increase of 1.10 percentage point (110bps) in such rate (from 15.45% to 16.55% p.a.) reduces the value in use by approximately 12%. As for the perpetuity growth rate, a reduction of 0.50 percentage point (50bps) (from 7.63% to 7.13% p.a.) reduces the value in use by approximately 5%. The changes in parameters that impact the value in use, for purposes of this sensitivity analysis, were determined based on standard deviation of the discount rates for the past five years, for the first, and a standard deviation of the averages of series of 10 years of changes in the actual Brazilian GDP for the second. The value in use presents a lower sensitivity to changes in projected net revenue. Considering a reduction in the annual revenue growth rate of 15% in the period from 2014 to 2023, the value in use decreases by approximately 15%. None of the three sensitivity scenarios above, analyzed individually, revealed amounts lower than the investment's book cost as of December 31, 2013.

**Software and projects**

Changes	BM&FBOVESPA		Consolidated		
	Cost of software generated internally under development	Software generated internally – completed projects	Software	Total	Total
<b>Balances at December 31, 2011</b>	<b>127,332</b>	<b>53,150</b>	<b>109,333</b>	<b>289,815</b>	<b>289,818</b>
Additions	186,884	-	41,181	228,065	228,065
Write-offs	-	(3,620)	-	(3,620)	(3,620)
Transfers (Note 8)	(803)	-	875	72	72
Reallocations/adjustments	(55,331)	53,114	2,306	89	89
Amortization	-	(12,148)	(54,431)	(66,579)	(66,582)
<b>Balances at December 31, 2012</b>	<b>258,082</b>	<b>90,496</b>	<b>99,264</b>	<b>447,842</b>	<b>447,842</b>
Additions	232,295	-	5,117	237,412	237,412
Reallocations	(216,223)	216,223	-	-	-
Amortization	-	(34,264)	(42,974)	(77,238)	(77,238)
<b>Balances at December 31, 2013</b>	<b>274,154</b>	<b>272,455</b>	<b>61,407</b>	<b>608,016</b>	<b>608,016</b>
<b>At December 31, 2013</b>					
Cost	274,154	319,342	297,789	891,285	891,285
Accumulated amortization	-	(46,887)	(236,382)	(283,269)	(283,269)
<b>Net book balance</b>	<b>274,154</b>	<b>272,455</b>	<b>61,407</b>	<b>608,016</b>	<b>608,016</b>

**At December 31, 2012**

Cost	258,082	103,118	292,680	653,880	653,880
Accumulated amortization	-	(12,622)	(193,416)	(206,038)	(206,038)
<b>Net book balance</b>	<b>258,082</b>	<b>90,496</b>	<b>99,264</b>	<b>447,842</b>	<b>447,842</b>

These refer to costs for acquisition of licenses and development of software and systems, with amortization rates from 10% to 33% per year, and for implementation and development in progress of new systems and software.

In the year, BM&FBOVESPA absorbed as part of the project development cost, the amount of R\$17,430 related to amortization of software used in developing these projects.

Ongoing projects refer mainly to development of a new electronic trading platform for different kinds and classes of assets (concluded in 2013), the construction of a new business and IT architecture to support integration of the post-trade infrastructure and development of a new OTC Derivatives Recording Platform

**10 EARNINGS AND RIGHTS ON SECURITIES IN CUSTODY**

These comprise dividends and interest on equity received from listed companies, which will be transferred to the custody agents and by them to their clients, who are the owners of the listed companies' shares.

**11 Provision for taxes and contributions payable**

Description	BM&FBOVESPA	
	2013	2012
Taxes and contributions withheld at source	8,036	8,935
PIS and COFINS payable	14,732	16,426
ISS payable	1,987	2,141
<b>Total</b>	<b>24,755</b>	<b>27,502</b>
Description	Consolidated	
	2013	2012
Taxes and contributions withheld at source	9,139	9,607
PIS and COFINS payable	14,845	16,548
ISS payable	1,995	2,203
<b>Total</b>	<b>25,979</b>	<b>28,358</b>

**12 DEBT ISSUED ABROAD**

In July 2010, BM&FBOVESPA issued senior unsecured notes, with a total nominal value of US\$612 million, priced at 99.635% of the nominal value, resulting in a net inflow of US\$609 million (equivalent at the time to R\$1,075,323). The interest rate is 5.50% per year, payable half-yearly in January and July, and the principal amount is due on July 16, 2020. The effective rate was 5.64% per year, which includes the discount and other funding related costs.

The updated balance of the loan at December 31, 2013 is R\$1,468,322 (R\$1,279,121 at December 31, 2012), which includes R\$42,129 (R\$36,882 at December 31, 2012) of accrued interest through the reporting date. The proceeds from the offering were used to purchase shares in the CME Group on the same date.

The notes have a partial or total early redemption clause, at the option of BM&FBOVESPA, for the greater of: (i) principal plus interest accrued up to the date and (ii) interest accrued up to the date plus the present value of the remaining cash flows, discounted at the rate applicable to U.S. Treasuries for the remaining term plus 0.40% per year (40 basis points per year).

These notes have been designated as a hedging instrument for the portion corresponding to US\$612 million (notional) of the investment in CME Group Inc. (Note 7), in order to hedge the foreign exchange risk. Thus, BM&FBOVESPA adopted hedge accounting for net investment in accordance with the provisions of CPC 38/IAS 39.

Accordingly, BM&FBOVESPA prepared the formal designation of the hedges by documenting: (i) the objective of the hedge, (ii) type of hedge, (iii) the nature of the risk being hedged, (iv) the hedged item, (v) the hedging instrument, (vi) the correlation of the hedge and the hedged item (retrospective effectiveness test) and (vii) the prospective test.

The application of the effectiveness tests described in Note 3(d) (iv) did not indicate ineffectiveness during the year ended December 31, 2013.

The fair value of the debt, calculated using market data, is R\$1,528,652 at December 31, 2013 (R\$1,418,205 at December 31, 2012) (Source: Bloomberg).

**13 OTHER LIABILITIES**

	BM&FBOVESPA	
	2013	2012
<b>Current</b>		
Payables – related parties (Note 16)	18,208	15,051
Purchase of treasury shares payable	7,672	-
Custody agents	5,939	5,348
Amounts to be transferred – Direct Treasury	3,390	1,974
Advance received from sale of property	8,192	-
Preferred shares payable	1,838	1,838
Outsourced services	862	2,119
Other	7,301	4,589
<b>Total</b>	<b>53,402</b>	<b>30,919</b>
<b>Noncurrent</b>		
Payables – related parties (Note 16)	50,422	-
<b>Total</b>	<b>50,422</b>	<b>-</b>

Description	Consolidated	
	2013	2012
Payables – related parties (Note 16)	17,827	15,000
Purchase of treasury shares payable	7,672	-
Custody agents	5,939	5,348
Amounts to be transferred – Direct Treasury	3,390	1,974
Advance received from sale of property	8,192	-
Outsourced services	1,296	2,354
Preferred shares payable	1,838	1,838
Demand deposits (1)	111,067	62,941
Repurchase agreements (2)	227,309	175,125
Forex transactions (Banco BM&FBOVESPA)	3,837	6,365
Other	8,211	6,751
<b>Total</b>	<b>396,578</b>	<b>277,696</b>
<b>Noncurrent</b>		
Payables – related parties (Note 16)	50,422	-
<b>Total</b>	<b>50,422</b>	<b>-</b>

- (1) Refer to demand deposits held by corporations at Banco BM&FBOVESPA for the sole purpose of settlement of adjustments and positions of transactions carried out within BM&FBOVESPA and the Special System for Settlement and Custody (SELIC) pursuant to BACEN Circular Letter No. 3196 of July 21, 2005.
- (2) Refer to open market funding made by Banco BM&FBOVESPA, comprising repurchase agreements maturing on January 2, 2014 (2012 – January 2, 2013) and backed by Financial Treasury Bills (LFT) and National Treasury Bills (LTN).

**14 PROVISIONS FOR TAX, CIVIL AND LABOR CONTINGENCIES, CONTINGENT ASSETS AND LIABILITIES AND JUDICIAL DEPOSITS****a. Contingent assets**

BM&FBOVESPA has no contingent assets recognized in its balance sheet and, at present, no lawsuits which are expected to give rise to future gains.

**b. Provisions for tax, civil and labor contingencies**

BM&FBOVESPA and its subsidiaries are defendants in a number of judicial and administrative proceedings involving labor, tax and civil matters arising in the ordinary course of business.

The judicial and administrative proceedings are assessed by their likelihood of loss (probable, possible or remote), based on an evaluation by BM&FBOVESPA and its legal advisors, using parameters such as previous legal decisions and the history of loss in similar cases.

The proceedings assessed as probable loss are mostly comprised as follows:

- Labor claims mostly relate to claims filed by former employees of BM&FBOVESPA and employees of outsourced service providers, on account of alleged noncompliance with labor legislation;
- Civil proceedings mainly relate to aspects of civil liability of BM&FBOVESPA and its subsidiaries;
- Tax cases mostly relate to PIS and COFINS levied on (i) BM&FBOVESPA revenue and (ii) receipt of interest on equity.

**c. Legal obligations**

These are almost entirely proceedings in which BM&FBOVESPA seeks non-levy of additional social security tax on payroll and payments to self-employed professionals.

**d. Changes in balances**

Changes in provisions for contingencies and legal obligations are detailed as follows:

	BM&FBOVESPA				
	Civil	Labor	Legal obligations	Tax	Total
<b>Balances at December 31, 2011</b>	<b>4,492</b>	<b>7,121</b>	<b>28,579</b>	<b>14,138</b>	<b>54,330</b>
Provisions	247	5,879	4,552	-	10,678
Provision expenditure	(22)	(83)	(7,609)	-	(7,714)
Reversal of provisions	(4)	(940)	-	-	(944)
Reassessment of risks	-	(1,551)	-	-	(1,551)
Monetary restatement	248	884	1,599	702	3,433
<b>Balances at December 31, 2012</b>	<b>4,961</b>	<b>11,310</b>	<b>27,121</b>	<b>14,840</b>	<b>58,232</b>
Provisions	2,848	14,832	6,118	-	23,798
Provision expenditure	(57)	(2,507)	-	-	(2,564)
Reversal of provisions	(2)	(572)	-	-	(574)
Reassessment of risks	-	(280)	-	-	(280)
Monetary restatement	492	1,793	1,825	649	4,759
<b>Balances at December 31, 2013</b>	<b>8,242</b>	<b>24,576</b>	<b>35,064</b>	<b>15,489</b>	<b>83,371</b>

	Consolidated				
	Civil	Labor	Legal obligations	Tax	Total
<b>Balances at December 31, 2011</b>	<b>8,248</b>	<b>7,915</b>	<b>28,579</b>	<b>14,502</b>	<b>59,244</b>
Provisions	247	6,327	4,552	-	11,126
Provision expenditure	(22)	(104)	(7,609)	(367)	(8,102)
Reversal of provisions	(4)	(1,344)	-	-	(1,348)
Reassessment of risks	-	(1,688)	-	-	(1,688)
Monetary restatement	727	944	1,599	705	3,975
<b>Balances at December 31, 2012</b>	<b>9,196</b>	<b>12,050</b>	<b>27,121</b>	<b>14,840</b>	<b>63,207</b>
Provisions	2,848	14,836	6,118	-	23,802
Provision expenditure	(57)	(2,536)	-	-	(2,593)
Reversal of provisions	(2)	(774)	-	-	(776)
Reassessment of risks	-	(375)	-	-	(375)
Monetary restatement	982	1,871	1,825	649	5,327
<b>Balances at December 31, 2013</b>	<b>12,967</b>	<b>25,072</b>	<b>35,064</b>	<b>15,489</b>	<b>88,592</b>

Considering the characteristics of the provisions, the timing of the cash disbursements, if any, cannot be predicted.

#### e. Possible losses

The proceedings assessed as possible loss are so classified as a result of uncertainties surrounding their outcome. They are legal or administrative proceedings for which case law has not yet been established or which still depend on check and analysis of the facts, or even involve specific aspects that reduce the likelihood of loss.

BM&FBOVESPA and its subsidiaries are parties to tax, civil and labor lawsuits involving risks of loss assessed by management as possible, based on the evaluation of their legal advisors, for which no provision has been recorded. These proceedings comprise mainly the following:

- Labor claims mostly relate to claims filed by former employees of BM&FBOVESPA and of outsourced service providers, on account of alleged noncompliance with labor legislation. The lawsuits assessed as possible losses at December 31, 2013 total R\$34,688 in BM&FBOVESPA (R\$41,881 at December 31, 2012) and R\$34,688 on a consolidated basis (R\$41,917 at December 31, 2012);
- Civil proceedings mainly relate to aspects of civil liability for losses and damages. The total amount involved in the civil lawsuits assessed as possible losses at December 31, 2013 is R\$81,315 in BM&FBOVESPA and R\$81,911 on a consolidated basis (R\$95,812 at December 31, 2012 in BM&FBOVESPA and on a consolidated basis).

The amount at December 31, 2013 and 2012 is almost entirely related to the possibility of BM&FBOVESPA being required to deliver its shares (surviving company of the merger with BM&F S.A.), corresponding to the shares resulting from the conversion of the membership certificate of a commodities broker in the former BM&F, or indemnify the corresponding amount, if the cancellation of the certificates in the former BM&F is found to be illegal, as alleged by a commodities broker in bankruptcy.

- The total amount involved in tax proceeding assessed as possible loss is R\$ 577,004 in the parent company and consolidated (R\$ 537,333 at December 31, 2012). The main tax proceedings of BM&FBOVESPA and its subsidiaries refer to the following matters:

(i) classification of the former BM&F and Bovespa, in the period prior to the demutualization, as taxpayers of the Contribution Tax on Gross Revenue for Social Security Financing ("COFINS"), which is the subject matter of two declaratory judgment actions pleading the declaration that the plaintiffs have no tax obligations owed to the federal tax authorities and seeking non-levy of COFINS on revenue arising from the exercise of the activities for which they were established, the revenue of which does not fall under the concept of billing. The amount involved in the aforementioned proceedings as of December 31, 2013 is R\$53,091 (R\$50,836 at December 31, 2012).

(ii) collection of Withholding Income Tax (IRRF) relating to the calendar year 2008, since the Brazilian IRS understands that BM&FBOVESPA would be responsible for withholding and paying IRRF on the alleged capital gains earned by non-resident investors in Bovespa Holding S.A., due to the merger of shares of Bovespa Holding S.A. into BM&FBOVESPA. The amount involved in this administrative proceeding at December 31, 2013 is R\$165,225 (R\$153,935 at December 31, 2012).

(iii) as the successor of Bovespa Holding S.A., the deductibility, for purposes of calculating income and social contribution taxes, of expenses paid by Bovespa Holding S.A. in connection with the commission to intermediary institutions responsible for the secondary public offering of its shares held in 2007, and the liability for IRRF on part of the payments made to intermediaries who participated in said public offering. The amount involved in this administrative proceeding at December 31, 2013 is R\$126,775 (R\$117,797 at December 31, 2012), assessed as follows: (i) R\$118,015 (R\$109,676 at December 31, 2012) as possible loss; and (ii) R\$8,739 (R\$8,121 at December 31, 2012), relating to one-time fine for the non-withholding of income tax at source, as remote loss.

(iv) alleged levy of social security tax on options granted under the Stock Option Plan of BM&F S.A., assumed by BM&FBOVESPA and exercisable by the beneficiaries of the Plan, in 2007 and 2008, as well as one-time fine due to the non-withholding at source of income tax allegedly due on those options. The inquiries of the Brazilian IRS are based on the understanding that the stock options were granted to employees in the nature of salary as they represent compensation for services rendered. The amounts involved in these administrative proceedings at December 31, 2013 are: (i) R\$86,844 (R\$81,118 at December 31, 2012), relating to social security contributions allegedly due, assessed as possible loss, and (ii) R\$46,252 (R\$43,202 at December 31, 2012), relating to one-time fine for the non-withholding of income tax, assessed as remote loss.

(v) alleged differences in payment of IRPJ and CSLL stemming from questioning of the limits of deductibility of interest on equity paid by BM&FBOVESPA to its shareholders in 2008. The total amount involved in this administrative proceeding is R\$119,672 (R\$ 110,675 at December 31, 2012), including late-payment interest and automatic fine.

#### f. Remote losses

BM&FBOVESPA, as successor of the former BOVESPA, and subsidiary BVRJ figure as defendants in a claim for property damages and pain and suffering filed by Naji Robert Nahas, Selecta Participações e Serviços SC Ltda., and Cobrasol - Companhia Brasileira de Óleos e Derivados, on the grounds of alleged losses in the stock market sustained in June 1989. The amount attributed to the cause by the plaintiffs is R\$10 billion. In relation to property damages and pain and suffering claimed, the plaintiffs plead that BM&FBOVESPA and BVRJ be sentenced in proportion to their responsibilities. A decision was handed down whereby the claims by the plaintiffs were considered completely unfounded. This decision was confirmed by the High Court of Justice of Rio de Janeiro State by means of a decision published on December 18, 2009. The plaintiffs filed special and extraordinary appeals, both of which were denied. Interlocutory appeals were filed with the High Court of Justice and with the Federal Supreme Court of Brazil, and the appeal was granted for appreciation by the High Court of Justice. The appeal is currently pending judgment. BM&FBOVESPA believes that the likelihood of loss in this lawsuit is remote.

On November 29, 2010, BM&FBOVESPA received an assessment notice from the Brazilian IRS demanding the payment of income tax (R\$301,686 of principal, plus fine and interest charges) and social contribution tax (R\$108,525 of principal, plus fine and interest) that, in the opinion of the Brazilian IRS, BM&FBOVESPA underpaid in 2008 and 2009 with respect to the amortization for tax purposes of the goodwill generated upon merger of Bovespa Holding S.A., approved at the Special General Meeting held on May 8, 2008. In October 2011, the Brazilian IRS Judgment Office in São Paulo issued a decision on the challenge presented by BM&FBOVESPA, upholding, in substance, the assessment notice. BM&FBOVESPA filed an appeal with the Board of Tax Appeals on November 2011, which was denied in December 2013, thus upholding the referred to assessment notice. The result consisted of three favorable votes and three votes against the appeal filed by BM&FBOVESPA, and the casting vote was given by the President of the panel of judges, representing the Brazilian IRS. BM&FBOVESPA will await the publication of the decision in order to analyze, together with its legal advisors, the most adequate appeal strategy to be followed. BM&FBOVESPA believes that the risk of loss associated with this tax matter is remote and will continue to amortize the goodwill for tax purposes as provided for by prevailing legislation.

BM&FBOVESPA, as the successor of Bolsa de Mercadorias e Futuros - BM&F ("BM&F") and as disclosed in its Form of Reference (item 4.3), figures as a defendant in civil public actions and class actions filed in order to investigate the practice of possible acts of administrative impropriety, and to receive compensation for alleged damages to the federal treasury as a result of transactions conducted by the Central Bank of Brazil in January 1999 in the US dollar futures market run by the former BM&F. On March 15, 2012, those proceedings were deemed valid and convicted most of the defendants, among them, BM&F. The total amount arising from this unfavorable decision is R\$7,005 million, from which the amount of R\$5,431 million may deducted, according to one of the decisions, referring to gains that the Central Bank of Brazil obtained as a result of not using the international reserves. BM&FBOVESPA was also sentenced to pay a civil penalty of R\$1,418 million. The figures were measured in January 1999 and should be adjusted for inflation, plus interest and burden of defeat. BM&FBOVESPA believes that these actions are fully groundless and will not recognize in its financial statements any provision for such lawsuits as the risk of loss is remote. The parties filed appeals which have caused the execution of the trial court judgment to be suspended until the Federal Court of Appeals of the 1<sup>st</sup> Chapter renders a decision on those appeals.

**g. Judicial deposits**

Description	BM&FBOVESPA		Consolidated	
	2013	2012	2013	2012
Legal obligations	33,645	27,234	33,645	27,234
Tax	64,922	62,129	65,165	62,213
Civil	4,948	4,700	4,948	4,700
Labor	4,750	3,447	4,907	3,675
<b>Total</b>	<b>108,265</b>	<b>97,510</b>	<b>108,665</b>	<b>97,822</b>

We highlight the following judicial deposits: (i) R\$47,315 (R\$44,975 at December 31, 2012) relates to disputes over the classification of the exchanges as subject to payment of COFINS, which are assessed as possible loss by BM&FBOVESPA, as described in item "e" above; and (ii) R\$11,425 (R\$10,845 at December 31, 2012) refers to cases regarding PIS and COFINS on interest on equity received. Of the total deposits relating to legal obligations, R\$33,208 (R\$26,799 at December 31, 2012) relates to the processes in which BM&FBOVESPA claims non-levy of additional social security contribution on payroll and payments to self-employed professionals, and challenges the legality of FAP (an index applied to calculate the occupational accident insurance owed by employers).

Due to the existence of judicial deposits related to tax proceedings assessed as possible losses, the total tax contingencies and legal obligations are less than the total deposits related to tax claims.

**15 EQUITY****a. Capital**

The capital of BM&FBOVESPA is R\$2,540,239, represented by 1,980,000,000 registered common shares with voting rights and no par value, of which 1,893,582,856 are outstanding at December 31, 2013 (1,931,572,495 at December 31, 2012).

BM&FBOVESPA is authorized to increase its capital up to the limit of 2,500,000,000 common shares, through a resolution of the Board of Directors, without any amendment to its Articles of Incorporation.

**b. Treasury shares****Share buyback program**

At a meeting held on June 26, 2012, the Board of Directors approved a new Share Buyback Program, starting on July 2, 2012 and ending on June 28, 2013. BM&FBOVESPA purchased a total of 20,862,700 shares under this Program in the 1<sup>st</sup> half of 2013, which represented 34.77% of the Program amounting 60,000,000 of common shares.

At a meeting held on June 25, 2013, the Board of Directors approved a new Share Buyback Program, starting on July 1, 2013 and ending on June 30, 2014. The limit of shares to be repurchased by BM&FBOVESPA is 60,000,000 common shares, representing 3.13% of the total shares outstanding.

By December 31, 2013, BM&FBOVESPA had purchased 23,050,000 shares, representing 38.42% of the total amount estimated in buyback program.

The shares acquired under the Share Buyback Program may be canceled or used in connection with the exercise of the stock options by the beneficiaries of the Stock Option Plan of BM&FBOVESPA.

The changes in treasury shares for the year are as follows:

	Number	Amount
<b>Balance at December 31, 2011</b>	<b>52,008,012</b>	<b>521,553</b>
Purchase of shares - Share buyback program	1,732,200	16,303
Shares sold – stock options (Note 18)	(5,312,707)	(53,236)
<b>Balance at December 31, 2012</b>	<b>48,427,505</b>	<b>484,620</b>
Purchase of shares - Share buyback program	43,912,700	531,215
Shares sold – stock options (Note 18)	(5,923,061)	(60,809)
<b>Balance at December 31, 2013</b>	<b>86,417,144</b>	<b>955,026</b>
Average cost of treasury shares (R\$ per share)		11.051
Market value of treasury shares		955,774

**c. Revaluation reserves**

Revaluation reserves were established as a result of the revaluation of works of art in BM&FBOVESPA and of the properties of the subsidiary BVRJ in 2007, based on independent experts' appraisal reports.

**d. Capital reserve**

This refers substantially to amounts originated in the merger of Bovespa Holding shares in 2008, and other corporate events allowed by the Brazilian Corporation Law, such as (i) capital increase through merger, (ii) redemption, repayment or purchase of shares, and (iii) events associated with the stock option plan.

**e. Income reserves****(i) Legal reserve**

Legal reserve is annually set up with allocation of 5% of net income for the year, capped to 20% of capital. The purpose of the legal reserve is to ensure capital integrity, and may only be used to offset losses and increase capital.

**(ii) Statutory reserves**

Represent funds and safeguard mechanisms required for the activities of BM&FBOVESPA, in order to ensure the proper settlement and reimbursement of losses arising from the intermediation of transactions carried out in its trading sessions and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

Pursuant to the Articles of Incorporation, the Board of Directors may, when the amount of the statutory reserve is sufficient to meet the purposes for which it was originally established, propose that part of the reserve be distributed to the shareholders of the Company.

**f. Other comprehensive income**

The purpose of equity adjustments is to record the effects of (i) exchange variation of the investments abroad, (ii) hedge accounting on net foreign investment (Note 12), (iii) comprehensive income of associate and subsidiaries, and (iv) actuarial gain/loss on post-employment health care benefits.

**g. Dividends and interest on equity**

As provided for in the Articles of Incorporation, shareholders are entitled mandatory minimum dividends of 25% of net income for the year, adjusted under Brazilian Corporation Law.

	2013	2012
Net income for the year	1,081,516	1,074,290
Legal reserve (1)	-	-
<b>Dividend calculation base</b>	<b>1,081,516</b>	<b>1,074,290</b>
Dividends	815,213	984,290
Interest on equity	50,000	90,000
<b>Total approved during the year</b>	<b>865,213</b>	<b>1,074,290</b>

(1) The legal reserve is not required to be set up considering that its amount plus the capital reserves exceed 30% of the Company capital.

The dividends and interest on equity approved in relation to P&L for the year are as follows:

Description	Date approved	Date of payment	Gross value per share (R\$)	Total gross amount (R\$)
Dividends	05/09/2013	06/07/2013	0.084638	163,580
Interest on equity	05/09/2013	06/07/2013	0.025870	50,000
Dividends	08/08/2013	09/30/2013	0.146943	280,670
Dividends	11/07/2013	11/27/2013	0.118341	225,260
Dividends (1)	02/13/2014	-	-	145,703
<b>Total proposed/approved in 2013</b>				<b>865,213</b>
Dividends	05/10/2012	07/31/2012	0.116161	224,341
Dividends	08/07/2012	10/31/2012	0.124359	240,065
Dividends	11/06/2012	12/17/2012	0.067921	131,181
Interest on equity	11/06/2012	12/17/2012	0.046599	90,000
Dividends	02/19/2013	04/30/2013	0.201237	388,703
<b>Total proposed/approved in 2012</b>				<b>1,074,290</b>

(1) Proposal for supplementary dividend payment (above the minimum mandatory) relative to income for the fiscal year 2013, to be approved by the General Meeting of Shareholders.

The management of BM&FBOVESPA did not set up an income reserve for the difference between the amount recognized as equity pickup and the amount received as dividends arising from the interest held in the associate CME Group (Note 7).

**h. Earnings per share**

Basic	Consolidated	
	2013	2012
<b>Numerator</b>		
Net income available to shareholders of BM&FBOVESPA	1,081,516	1,074,290
<b>Denominator</b>		
Weighted average number of outstanding shares	1,918,813,109	1,930,398,048
<b>Basic earnings per share (in R\$)</b>	<b>0.563638</b>	<b>0.556512</b>
<b>Diluted</b>	<b>Consolidated</b>	
	2013	2012
<b>Numerator</b>		
Net income available to shareholders of BM&FBOVESPA	1,081,516	1,074,290
<b>Denominator</b>		
Weighted average number of outstanding shares adjusted by effects of stock options plans	1,923,866,237	1,935,428,473
<b>Diluted earnings per share (in R\$)</b>	<b>0.562158</b>	<b>0.555066</b>

**16 TRANSACTIONS WITH RELATED PARTIES****a. Transactions and balances with related parties**

Description	Assets / (liabilities)		Income / (expenses)	
	2013	2012	2013	2012
<b>Banco BM&amp;FBOVESPA de Serviços de Liquidação e Custódia S.A. (1)</b>				
Accounts receivable	673	1,283		
Interest on equity receivable	2,338	-		
Recovery of expenses			8,314	6,450
<b>Bolsa Brasileira de Mercadorias (1)</b>				
Accounts receivable	9	21		
Accounts payable	(100)	(51)		
Minimum contribution on membership certificates (fees)			(1,159)	(1,198)
Property rental			23	22
Recovery of expenses			88	92
<b>BM&amp;F (USA) Inc. (1)</b>				
Accounts payable	(117)	-		
Sundry expenses	-	-	(2,012)	(1,839)
<b>BM&amp;FBOVESPA (UK) Ltd. (1)</b>				
Accounts payable	(164)	-		
Sundry expenses			(1,394)	(1,208)
<b>Bolsa de Valores do Rio de Janeiro (1)</b>				
Accounts receivable	2	1		
Recovery of expenses			25	5

<b>CME Group</b>				
Dividends receivable	71,878	-		
Accounts payable	(60,178)	-		
Financial expenses			(437)	-
<b>BM&amp;FBOVESPA Supervisão de Mercados</b>				
Accounts receivable	276	826		
Accounts payable	(8,061)	(15,000)		
Donation / Contribution			(561)	(15,000)
Recovery of expenses			3,171	2,801
<b>Associação BM&amp;F</b>				
Accounts receivable	2	115		
Contribution			-	(2,173)
Recovery of expenses			496	538
<b>Other related parties</b>				
Accounts receivable	7	26		
Accounts payable	(10)	-		
Sundry expenses			(100)	-
Recovery of expenses			91	104

(1) Subsidiaries included in the consolidation process.

The main recurring transactions with related parties are described below and were carried out under the following condition:

- BM&FBOVESPA pays a minimum monthly fee to Bolsa Brasileira de Mercadorias. The payment that BM&FBOVESPA makes to Bolsa Brasileira de Mercadorias is established by the Articles of Incorporation of Bolsa Brasileira de Mercadorias, pursuant to which the member (as is the case of BM&FBOVESPA) must regularly pay fees for membership certificates. Bolsa Brasileira de Mercadorias periodically reimburses BM&FBOVESPA for expenses associated with the resources and infrastructure provided by BM&FBOVESPA to assist in carrying out its activities. In order to further the development of the market and strengthen the founding member commitment to the development of markets administered by Bolsa Brasileira de Mercadorias, BM&FBOVESPA decided to offer, free of charges, services provided by the Founding Member that may be necessary for the development of markets administered by Bolsa Brasileira de Mercadorias, in the amount of R\$2,970, for a maximum period of 5 years as from April 2013, upon the previous approval of the Founding Member.
- The amounts owed by Banco BM&FBOVESPA to BM&FBOVESPA refer to the Company's funds used by Banco BM&FBOVESPA in performing its activities under a formal agreement signed by the parties. Such amounts are paid upon presentation of a descriptive document prepared by BM&FBOVESPA and approved by Banco BM&FBOVESPA, according to the terms of the agreement.
- Other liabilities to CME Group refer to the remaining portion for the acquisition of the perpetual license of modules related to the multi-asset class electronic trading platform, PUMA Trading System, which was developed along with CME Group.
- BSM has entered into an agreement with BM&FBOVESPA for the transfer and recovery of costs which establishes the reimbursement to BM&FBOVESPA for expenses incurred for resources and infrastructure made available to BSM to assist in the performance of its supervision activities. Such costs are determined on a monthly basis using the methodology specified in the agreement signed by the parties and also include the activities related to the Mecanismo de Ressarcimento de Prejuízos (Loss Recovery Mechanism) as this mechanism is administered by BSM.
- BM&FBOVESPA pays monthly fees to BM&F (USA) Inc. and BM&FBOVESPA (UK) Ltd. to represent it abroad by liaising with other exchanges and regulators and assisting in bringing new clients to the Brazilian capital market.
- Associação BM&F, Associação Bovespa, Instituto BM&FBOVESPA and Associação Profissionalizante BM&FBOVESPA periodically reimburse BM&FBOVESPA for expenses associated with the resources and infrastructure provided by BM&FBOVESPA to assist them in performing their activities.

**b. Key management personnel compensation**

Key management personnel include Members of the Board of Directors, Executive Officers, Internal Audit Officer, Corporate Risk Officer, Officer of Banco BM&FBOVESPA and Human Resources Officer.

	2013	2012
<b>Management compensation</b>		
Short-term benefits (salaries, profit sharing etc.)	28,943	24,427
Severance pay	787	-
Share-based payment (1)	12,931	9,529

(1) Represents the expense calculated for the year in relation to the stock options granted to key management personnel, which was recognized in accordance with the criteria described in Note 18.

**17 STRUCTURE OF GUARANTEES**

BM&FBOVESPA operating as a central counterparty (CCP) manages four clearinghouses considered systemically important by the Central Bank of Brazil: the Derivatives, Foreign Exchange and Securities Clearinghouses and the Equity and Corporate Debt Clearinghouse (CBLC).

The activities carried out by the clearinghouses of BM&FBOVESPA are governed by Law No. 10214/01, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouses and permits the utilization of the collateral obtained from defaulting participants to settle their obligations in the clearinghouse environment, including in cases of civil insolvency, agreements with creditors, intervention, bankruptcy and out-of-court liquidation.

Through its clearinghouses, BM&FBOVESPA acts as a central counterparty in the derivatives market (futures, forward, options and swaps), spot foreign exchange market, government securities market (spot, forwards, repurchase operations, futures and lending of securities), variable income (spot, forward, option, futures and lending of securities) and private debt securities (spot and lending of securities). In other words, by assuming the role of a central counterparty, BM&FBOVESPA becomes responsible for the proper settlement of trades carried out and/or registered in its systems, as established in the applicable regulations.

The performance of BM&FBOVESPA as a central counterparty exposes it to the credit risk of the participants that utilize its settlement systems. If a participant fails to make the payments due, or to deliver the assets or commodities due, it will be incumbent upon BM&FBOVESPA to resort to its safeguard mechanisms, in order to ensure the proper settlement of the transactions in the established time frame and manner. In the event of a failure or insufficiency of the safeguard mechanisms of its Clearinghouses, BM&FBOVESPA might have to use its own equity, as a last resort, to ensure the proper settlement of trades.

The BM&FBOVESPA clearinghouses are not directly exposed to market risk, as they do not hold net long or net short positions in the various contracts and assets traded. However, an increase in price volatility can affect the magnitude of amounts to be settled by the various market participants, and can also heighten the probability of default by these participants. Furthermore, as already emphasized, the clearinghouses are responsible for the settlement of the trades of a defaulting participant, which could result in losses for BM&FBOVESPA if the amounts due surpass the amount of collateral available. Accordingly, despite the fact that there is no direct exposure to market risk, this risk can impact and increase the credit risks assumed.

Each BM&FBOVESPA Clearinghouse has its own risk management system and safeguard structure. The safeguard structure of a Clearinghouse represents the set of resources and mechanisms that it can utilize to cover losses relating to the settlement failure of one or more participants. These systems and structures are described in detail in the regulations and manuals of each clearinghouse, and have been tested and ratified by the Central Bank of Brazil (BACEN), in accordance with National Monetary Council (CMN) Resolution No. 2882/01 and BACEN Circular No. 3057/01.

The safeguard structures of the clearinghouses are based largely on loss-sharing model called defaulter pays, in which the amount of collateral deposited by each participant should be able to absorb, with a high degree of confidence, the potential losses associated with its default. Consequently, the amount required as collateral for participants is the most important element in our management structure of the potential market risks arising from our role as a central counterparty.

For most contracts and operations with assets, the required value as collateral is sized to cover the market risk of the business, i.e. its price volatility during the expected time frame for settlement of the positions of a defaulting participant. This timeframe can vary depending on the nature of contracts and assets traded.

The models used for calculating the margin requirements are based, in general, on the concept of stress testing, in other words, a methodology that attempts to measure market risk into account not only recent historical volatility of prices, but also the possibility of the occurrence of unexpected events that modify the historical patterns of behavior of prices and the market in general.

The main parameters used for margin calculation models are the stress scenarios, defined by the Market Risk Committee for the risk factors that affect the prices of contracts and assets traded on our systems. For the definition of stress scenarios, the Market Risk Committee uses a combination of quantitative and qualitative analysis. The quantitative analysis is done with the support of statistical models for estimating risk, such as EVT (extreme value theory), estimate of implied volatilities, GARCH (Generalized Autoregressive Conditional Heteroskedasticity) models, and historical simulations. The qualitative analysis considers aspects related to domestic and international economic and political conditions and their impacts on the markets managed by BM&FBOVESPA.

The operations in the BM&FBOVESPA markets are secured by margin deposits in cash, government and corporate securities, letters of guarantee and shares, among others. The guarantees received in cash, in the amount of R\$2,072,989 (R\$1,134,235 at December 31, 2012), are recorded as a liability under "Collateral for transactions" and other collaterals, in the amount of R\$212,316,376 (R\$175,347,681 at December 31, 2012) are recorded in memorandum accounts. At December 31, 2013 collaterals amounted to R\$214,389,365 (R\$176,481,916 at December 31, 2012), as follows:

**a. Safeguard structure of the Derivatives Clearinghouse**

i) Collaterals deposited by derivatives market participants:

Breakdown	2013	2012
Government securities	118,581,479	85,901,802
Letters of guarantee	2,796,183	2,696,602
Shares	4,019,309	3,532,128
Bank deposit certificates (CDB)	1,185,727	933,447
Cash amounts deposited	701,705	741,243
Gold	56,182	67,677
Other	66,000	179,521
<b>Total</b>	<b>127,406,585</b>	<b>94,052,420</b>

ii) Other collaterals

- Joint liability for paying the broker and clearing member that acted as intermediaries, as well as collaterals deposited by such participants.
- Fundo de Desempenho Operacional, in the amount of R\$1,009,985 (R\$1,099,786 at December 31, 2012), composed of funds provided by holders of right of settlement in the Derivatives Clearinghouse (clearing members) and holders of unrestricted right to bargain for the sole purpose of ensuring the operations. This fund has the following position:

Breakdown	2013	2012
Government securities	852,276	919,462
Letters of guarantee	141,000	150,800
Bank deposit certificates (CDB)	5,720	4,946
Shares	10,765	11,074
Cash amounts deposited	224	13,504
Amounts deposited	1,009,985	1,099,786
Amounts guaranteeing participation of clearing member / trader	808,500	874,000
Excess collaterals	201,485	225,786

- Fundo de Operações do Mercado Agropecuário, in the amount of R\$50,000 at December 31, 2013 and 2012, intended to hold funds of BM&FBOVESPA to guarantee the proper settlement of transactions involving agricultural commodity contracts.
- Fundo Especial dos Membros de Compensação, in the amount of R\$40,000 at December 31, 2013 and 2012, intended to hold funds of BM&FBOVESPA to guarantee the proper settlement of transactions, regardless of the type of contract.
- Fundo de Liquidação de Operações, in the amount of R\$356,099 (R\$386,803 at December 31, 2012), composed of collaterals transferred by clearing members, intended to guarantee the proper settlement of transactions after the resources of the two previous funds have been used up. This fund has the following position:

Breakdown	2013	2012
Government securities	322,274	342,942
Letters of guarantee	30,750	36,684
Cash amounts deposited	-	4,000
Shares	3,075	3,177
Amounts deposited	356,099	386,803
Amounts guaranteeing participation of clearing member / trader	252,000	270,500
Excess collaterals	104,099	116,303

- Patrimônio Especial (Special equity), in the amount of R\$45,729 (R\$42,245 at December 31, 2012), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

**b. Safeguard structure of the Equity and Corporate Debt Clearinghouse (CBLC)**

i) Collaterals deposited by the Equity and Corporate Debt Market (CBLC) participants:

Breakdown	2013	2012
Government securities	34,423,146	32,749,964
Shares	42,654,968	40,975,737
International securities (1)	1,616,091	2,596,140
Bank deposit certificates (CDB)	239,198	522,080
Letters of guarantee	1,055,421	312,288
Cash amounts deposited	212,527	369,910
Other	86,429	193,705
<b>Total</b>	<b>80,287,780</b>	<b>77,719,824</b>

(1) American and German government securities as well as ADRs (American Depositary Receipt).

- ii) Other collaterals
- Joint liability for paying the broker and clearing member that acted as intermediaries, as well as collaterals deposited by such participants.
  - Settlement Fund, in the amount of R\$395,910 (R\$421,786 at December 31, 2012), composed of collaterals transferred by clearing members, intended to guarantee the proper settlement of transactions.

Breakdown	2013	2012
Government securities	393,283	416,212
Cash amounts deposited	2,627	5,574
<b>Total</b>	<b>395,910</b>	<b>421,786</b>

- Patrimônio Especial (Special equity), in the amount of R\$48,874 (R\$45,138 at December 31, 2012), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

**c. Safeguard structure of the Foreign Exchange Clearinghouse**

- i) Collaterals deposited by foreign exchange market participants:

Breakdown	2013	2012
Government securities	4,782,607	3,662,691
Cash amounts deposited	1,154,906	4
<b>Total</b>	<b>5,937,513</b>	<b>3,662,695</b>

- ii) Other collaterals
- Fundo de Participação, in the amount of R\$215,809 (R\$214,675 at December 31, 2012), composed of collaterals transferred by Foreign Exchange Clearinghouse participants, intended to guarantee the proper settlement of transactions.

Breakdown	2013	2012
Government securities	214,809	214,675
Cash amounts deposited	1,000	-
<b>Total</b>	<b>215,809</b>	<b>214,675</b>

- Fundo Operacional da Clearing de Câmbio, in the amount of R\$50,000 at December 31, 2013 and 2012, intended to hold funds of BM&FBOVESPA to cover losses arising from operational or administrative failures.
- Patrimônio Especial (Special equity), in the amount of R\$45,799 (R\$42,295 at December 31, 2012), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

**a. Safeguard structure of the Derivatives Clearinghouse**

- i) Collaterals deposited by government securities market participants:

Breakdown	2013	2012
Government securities	757,487	1,046,977

- ii) Other collaterals

- Fundo Operacional da Clearing de Ativos, in the amount of R\$40,000 at December 31, 2013 and 2012, intended to hold funds of BM&FBOVESPA to cover losses arising from operational or administrative failures.
- Patrimônio Especial (Special equity), in the amount of R\$32,200 (R\$29,747 at December 31, 2012), in compliance with the provisions of article 5 of Law No. 10214 of March 27, 2001 and article 19 of BACEN Circular No. 3057 of August 31, 2001.

**e. Guarantee funds**

Subsidiaries Bolsa Brasileira de Mercadorias and Bolsa de Valores do Rio de Janeiro (BVRJ) also manage Guarantee Funds, special purpose entities without a legal status. The maximum liability of these Guarantee Funds is limited to the sum of their net assets.

**18 EMPLOYEE BENEFITS**

**a. Stock options – Long-term benefit**

BM&FBOVESPA has a Stock Option Plan ("Option Plan") approved at the Special General Meeting held on May 8, 2008, as amended at the Special General Meeting held on April 18, 2011, by which the employees of BM&FBOVESPA and its subsidiaries are eligible to receive stock options.

The Option Plan delegates broad powers to the Board of Directors to approve the granting of options and to manage them through stock option programs ("Programs"), which must determine, among other specific conditions: (i) their beneficiaries, (ii) the total number of shares of BM&FBOVESPA to be granted, (iii) the division of the award in batches, if necessary, (iv) the exercise price, (v) the vesting period and deadline for exercising the option, (vi) restrictions on transfer of shares received by exercising the option, and (vii) the resolution of any necessary penalties.

The Plan also allows the Board of Directors to approve the granting of options with different conditions to certain beneficiaries ("Additional Options"). The granting or exercise of the Additional Options must necessarily be conditioned to (i) the acquisition by the Beneficiary of shares of BM&FBOVESPA, through the use of own resources and under the percentage, terms and conditions set forth in each Program ("Own Shares"); and (ii) the observance of a period of restriction on the sale of own shares (lock-up).

Currently there are seven Programs to grant options under the Option Plan, approved by the Board of Directors.

BM&FBOVESPA recognized expenses related to grants of the Option Plan in the amount of R\$28,136 in the year ended December 31, 2013 (R\$32,306 at December 31, 2012) matched against capital reserves in equity. BM&FBOVESPA considered in this calculation an estimated turnover between 11% and 20%, i.e. the estimated number of options which will not vest due to employees who opt to leave BM&FBOVESPA or whose employment is terminated before achieving vested rights to exercise the options.

At December 31, 2013, BM&FBOVESPA used 1.69% (1.50% at December 31, 2012) of the total limit of 2.5% of the capital for stock option grants, leaving 0.81% of the capital for new programs. When the options are exercised by the beneficiaries, new shares will be issued, by increasing the capital of BM&FBOVESPA, or treasury shares will be used.

The exercise price per share is equal to the average closing price of the 20 trading days preceding the date of grant, subject to vesting periods for its exercise.

The conditions of the programs provide that the option can be exercised after the expiration of each vesting period, limited to a maximum term set forth in the Program. After the vesting period ends, the option may be exercised wholly or partially. If the option is exercised in part, the holder may exercise the remainder within the established exercise period. The option not exercised within the exercise period and under conditions stipulated in the respective programs shall be forfeited automatically, without right to compensation.

In the event of termination of the beneficiary's relationship with BM&FBOVESPA because of dismissal or resignation, or upon dismissal or termination of service agreement without cause or through resignation: (i) vested options can be exercised within the maximum exercise period set forth in the program, and (ii) unvested options shall be forfeited without right to compensation.

If the beneficiary dies or becomes permanently disabled from performing his or her normal job in BM&FBOVESPA, the rights arising from the options can be exercised, as appropriate, by the beneficiary or his or her heirs and successors, who may exercise such rights, whether or not the initial vesting periods have ended, for a period of one year from the date of death or permanent disability, after which the rights shall be forfeited without right to compensation.

Additionally, due to the merger of BM&F S.A., BM&FBOVESPA assumed the Stock Option Plan issued by BM&F S.A., approved at the Annual General Meeting of BM&F S.A. held in 2007. All the stock options granted under the plan have vested.

Total options granted

Plan	Grant date	Vesting period	Exercise price (R\$ per share)	Granted	Exercised and cancelled in prior periods	Cancelled and lapsed at 12/31/2013	Exercised at 12/31/2013	Outstanding contracts at 12/31/2013	Fair value of options at grant date (R\$ per share)
BM&F S.A.	12/18/2007	12/18/2009	1.00	6,652,596	(6,652,596)	-	-	-	21.81
	12/18/2007	12/18/2010	1.00	6,329,396	(6,276,896)	-	(52,500)	-	21.54
	12/18/2007	12/18/2011	1.00	6,244,396	(6,067,896)	-	(176,500)	-	21.32
				<b>19,226,388</b>	<b>(18,997,388)</b>	<b>-</b>	<b>(229,000)</b>	<b>-</b>	
2008 Program	12/19/2008	06/30/2009	5.174	1,132,966	(1,085,353)	(4,400)	(15,088)	28,125	3.71
	12/19/2008	06/30/2010	5.174	1,132,966	(1,042,128)	(3,150)	(30,088)	57,600	3.71
	12/19/2008	06/30/2011	5.174	1,132,959	(970,897)	(625)	(83,737)	77,700	3.71
	12/19/2008	06/30/2012	5.174	1,132,959	(790,935)	(8,025)	(181,062)	152,937	3.71
				<b>4,531,850</b>	<b>(3,889,313)</b>	<b>(16,200)</b>	<b>(309,975)</b>	<b>316,362</b>	
2009 Program	03/01/2009	12/31/2009	6.60	2,486,750	(2,111,527)	-	(205,013)	170,210	2.93
	03/01/2009	12/31/2010	6.60	2,486,750	(1,946,000)	-	(264,550)	276,200	2.93
	03/01/2009	12/31/2011	6.60	2,486,750	(1,569,900)	-	(527,440)	389,410	2.93
	03/01/2009	12/31/2012	6.60	2,486,750	(702,250)	(100,000)	(1,082,750)	601,750	2.93
				<b>9,947,000</b>	<b>(6,329,677)</b>	<b>(100,000)</b>	<b>(2,079,753)</b>	<b>1,437,570</b>	
2010 Program	01/03/2011	01/03/2011	12.91	3,488,000	(796,375)	(207,250)	(426,500)	2,057,875	4.50
	01/03/2011	01/03/2012	12.91	3,488,000	(844,125)	(141,875)	(390,125)	2,111,875	4.50
	01/03/2011	01/03/2013	12.91	3,488,000	(812,375)	(161,250)	(328,250)	2,186,125	4.50
	01/03/2011	01/03/2014	12.91	3,488,000	(881,125)	(286,750)	-	2,320,125	4.50
				<b>13,952,000</b>	<b>(3,334,000)</b>	<b>(797,125)</b>	<b>(1,144,875)</b>	<b>8,676,000</b>	
2011 Program	01/02/2012	01/02/2013	10.07	3,180,500	(143,125)	(15,000)	(1,625,500)	1,396,875	2.79
	01/02/2012	01/02/2014	10.07	3,180,500	(143,125)	(147,500)	(181,250)	2,708,625	2.79
	01/02/2012	01/02/2015	10.07	3,180,500	(143,125)	(221,250)	(170,000)	2,646,125	2.79
	01/02/2012	01/02/2016	10.07	3,180,500	(143,125)	(296,250)	(120,000)	2,621,125	2.79
				<b>12,722,000</b>	<b>(572,500)</b>	<b>(680,000)</b>	<b>(2,096,750)</b>	<b>9,372,750</b>	
Additional Program	01/02/2012	01/02/2015	5.04	1,336,345	(4,483)	(114,174)	(25,208)	1,192,480	4.19
	01/02/2012	01/02/2017	5.04	1,336,345	(4,482)	(160,438)	-	1,171,425	4.19
				<b>2,672,690</b>	<b>(8,965)</b>	<b>(274,612)</b>	<b>(25,208)</b>	<b>2,363,905</b>	
2012 Program	01/02/2013	01/02/2014	10.78	2,481,509	-	(125,000)	(37,500)	2,319,009	5.55
	01/02/2013	01/02/2015	10.78	2,481,509	-	(175,000)	-	2,306,509	5.55
	01/02/2013	01/02/2016	10.78	2,481,509	-	(187,500)	-	2,294,009	5.55
	01/02/2013	01/02/2017	10.78	2,481,509	-	(187,500)	-	2,294,009	5.55
				<b>9,926,036</b>	<b>-</b>	<b>(675,000)</b>	<b>(37,500)</b>	<b>9,213,536</b>	
Additional 2012 Program	01/02/2013	01/02/2016	6.74	1,098,045	-	(52,833)	-	1,045,212	6.98
	01/02/2013	01/02/2018	6.74	1,098,045	-	(52,832)	-	1,045,213	6.98
				<b>2,196,090</b>	<b>-</b>	<b>(105,665)</b>	<b>-</b>	<b>2,090,425</b>	
<b>Total plans</b>				<b>75,174,054</b>	<b>(33,131,843)</b>	<b>(2,648,602)</b>	<b>(5,923,061)</b>	<b>33,470,548</b>	

Total options exercised

Exercise month	BM&F S.A. Plan		BM&FBOVESPA Plan	
	Average market price (R\$ per share)	Number of options exercised	Average market price (R\$ per share)	Number of options exercised
1 <sup>st</sup> quarter	13.94	160,000	13.70	2,604,915
2 <sup>nd</sup> quarter	14.05	9,000	13.79	2,043,738
3 <sup>rd</sup> quarter	-	-	12.38	814,400
4 <sup>th</sup> quarter	12.65	60,000	11.92	231,008
<b>Total options exercised</b>		<b>229,000</b>		<b>5,694,061</b>

Changes in the consolidated statements

	Number
<b>Balance at December 31, 2011</b>	<b>22,418,092</b>
Stock options granted	15,394,690
Options exercised (Note 15(b))	(5,312,707)
Options cancelled and lapsed	(2,579,990)
<b>Balance at December 31, 2012</b>	<b>29,920,085</b>
Stock options granted	12,122,126
Options exercised (Note 15(b))	(5,923,061)
Options cancelled and lapsed	(2,648,602)
<b>Balance at December 31, 2013</b>	<b>33,470,548</b>

Dilution percentage									2013
	BM&F S.A.				BM&FBOVESPA				Total
Grant date	12/18/2007	12/19/2008	03/01/2009	01/03/2011	01/02/2012	01/02/2012	01/02/2013	01/02/2013	
Outstanding stock options	-	316,362	1,437,570	8,676,000	9,372,750	2,363,905	9,213,536	2,090,425	33,470,548
Shares outstanding									1,893,582,856
Dilution percentage	0.00%	0.02%	0.08%	0.46%	0.49%	0.12%	0.49%	0.11%	1.77%
Dilution percentage									2012
	BM&F S.A.				BM&FBOVESPA				Total
Grant date	12/18/2007	12/19/2008	03/01/2009	01/03/2011	01/02/2012	01/02/2012			
Outstanding stock options	229,000	642,537	3,617,323	10,618,000	12,149,500	2,663,725			29,920,085
Shares outstanding									1,931,572,495
Dilution percentage	0.01%	0.03%	0.19%	0.55%	0.63%	0.14%			1.55%

#### Effects arising from the exercise of options

	2013	2012
Amount received from exercise of options	51,985	24,404
(-) Cost of treasury shares disposed of	(60,809)	(53,236)
<b>Effect from disposal of shares</b>	<b>(8,824)</b>	<b>(28,832)</b>

#### Option pricing model

To determine the fair value of the options granted, BM&FBOVESPA took into account in a consistent manner the following aspects:

- The model of stock options granted by BM&FBOVESPA permits the early exercise from a future vesting date occurring between the grant date and the expiry date;
- The shares underlying the options pay dividends between the grant date and the expiry date.

Accordingly, these options have characteristics of the European model (early exercise is not allowed) until the vesting date and characteristics of the American model (possibility of early exercise) between the vesting date and the expiry date. This type of option is known as "Bermuda" or "Mid-Atlantic style" options and their price must be between the price of a European option and the price of an American option with similar characteristics. In relation to the dividend payment, there are two impacts on the price of this option: (i) the fall in share prices after the dates on which they become ex-dividend, and (ii) the influence of such payments on the decision to exercise the option early.

Considering the aspects above, a modified Binomial method (Cox-Ross-Rubinstein) was used to determine the fair value of the options granted, considering two distinct periods for the possibility of early exercise (before and after the vesting dates). This method produces results which are equivalent to the results of the Black & Scholes model for non-complex European options, having the advantage of combining the characteristics of early exercise and dividend payment associated with the stock option at issue.

The main assumptions used in pricing the options were:

- The options were valued based on the market parameters effective on each of the grant dates of the different plans;
- To estimate the risk-free interest rate, the future interest contracts negotiated for the maximum exercise period of the options were considered;
- Since BM&FBOVESPA was a recently listed entity at the time the BM&F S.A. plan was granted and the BM&FBOVESPA plan was granted for the first time, historical volatility did not provide sufficient information on share volatility, considering the contractual term for exercising the

- options. As a result, BM&FBOVESPA used the implied volatility of similar entities (international stock exchanges) as a basis for estimating the volatility of its shares over periods in which liquidity was sufficient to guarantee the quality of the data gathered;
- In order to determine the volatility applied by the pricing model of the second to fifth grants of the BM&FBOVESPA plan, three measures commonly employed in finance were evaluated: (i) implied volatility, (ii) volatility estimated via autoregressive model (GARCH) and; (iii) volatility estimated via exponential weighted moving average (EWMA). Although the exclusive use of implied volatilities, i.e. volatilities computed based on observable market prices offers more accurate estimates, stock options trading had low liquidity on the dates of grant and lower maturities. Thus, BM&FBOVESPA used the average between the implied volatility observed and the estimated volatility via EWMA model to estimate the volatility of its shares, since the results obtained from using the GARCH model were not satisfactory;
  - The share prices were adjusted in order to reflect the impact of dividend payments; and
  - The maximum period for exercising the options granted was used as expiry date of the options.

Other usual assumptions related to option pricing models, such as inexistence of arbitrage opportunities and constant volatility over time were also considered in the calculation.

#### b. Supplementary pension plan

The pension plan "Fundo de Pensão Multipatrocinado das Instituições do Mercado Financeiro e de Capitais (Mercaprev)" is structured as a defined contribution (DC) plan and is sponsored by the following entities: Ancord, BM&FBOVESPA, Sindival, Souza Barros and Talarico, with voluntary participation open to all employees.

The participant's monthly contribution is the sum of 1% contribution of a "Unidade Previdenciária - UP" (equivalent to R\$ 3,000.00 and adjusted through bargaining agreement) plus the percentage chosen by the employee between 1% to 7% of the value above one "UP" up to the limit of the participant's salary. The sponsor's monthly contribution is a 100% match of the value chosen by the participant. BM&FBOVESPA has no obligation to make payments in addition to its contribution as a sponsor. In the event of termination of employment prior to the expected retirement date, the participant may keep the plan under the rules established by the regulation or request the enrollment cancellation, in which case he or she may opt for: (i) the portability of 100% of the balance of the reserves composed of the participant's contributions and according to the length of employment, up to 90% of the balance of the reserves composed of contributions from the sponsor, or (ii) the redemption of 100% of the balance of the reserves composed of contributions from the participant and according to the length of employment, up to 50% of the balance of the reserves composed of contributions from the sponsor. In any of the options above there is no additional cost to BM&FBOVESPA.

#### c. Post-retirement health care benefit

BM&FBOVESPA maintains a post-retirement health care plan for a group of former employees. At December 31, 2013, the actuarial liabilities related to this plan corresponded to R\$25,940 (R\$ 27,533 at December 31, 2012), calculated using the following assumptions:

	2013	2012
Discount rate	6.5% p.a.	4.0% p.a.
Economic inflation	4.5% p.a.	4.5% p.a.
Medical inflation	3.0% p.a.	3.0% p.a.
Mortality table	AT-2000	AT-2000

Average life expectancy in years of a pensioner retiring at age 65:

Retirement at the balance sheet date (age 65)	20 years
Retirement in 25 years (age 40 today)	20 years

The changes in the defined benefit obligation in the year were as follows:

	<u>2013</u>
<b>At beginning of year</b>	<b>27,533</b>
Current service cost	173
Past service cost	3,758
Interest cost	2,366
Benefit paid by the plan	(822)
Effect of changes in financial assumptions	(11,408)
Effect of plan experience	4,340
<b>At end of year</b>	<b><u>25,940</u></b>

The amounts recognized in P&L are as follows:

	<u>2013</u>
Current service cost	173
Interest on defined benefit obligation	2,367
<b>Total included in P&amp;L for the year</b>	<b><u>2,540</u></b>

The amounts recognized in comprehensive income are as follows:

	<u>2013</u>
Effect of changes in financial assumptions	(11,408)
Effect of plan experience	4,340
Past service cost	3,758
<b>Total included in the statement of comprehensive income</b>	<b><u>(3,310)</u></b>

The sensitivity of the actuarial liability at December 31, 2013 to the changes in key assumptions is as follows:

	<u>0.5% increase</u>	<u>0.5% decrease</u>
Discount rate	(1,636)	1,814
Medical inflation	1,914	(1,747)
	<u>Increase of 1</u>	<u>Decrease of 1</u>
Mortality table	1,045	(1,029)

## 19 INCOME AND SOCIAL CONTRIBUTION TAXES

### a. Deferred income and social contribution taxes

The balances of deferred tax assets and liabilities are as follows:

Description	<b>BM&amp;FBOVESPA and consolidated</b>	
	<u>2013</u>	<u>2012</u>
Tax, civil and labor contingencies	16,554	12,402
Tax loss carryforwards	29,107	29,107
Exchange variation on issue of debt abroad	120,499	58,262
Other temporary differences	36,877	32,515
<b>Total deferred assets</b>	<b><u>203,037</u></b>	<b><u>132,286</u></b>
Goodwill amortization (1)	(2,295,347)	(1,739,699)
Other	(427)	55
<b>Total deferred liabilities</b>	<b><u>(2,295,774)</u></b>	<b><u>(1,739,644)</u></b>
<b>Deferred taxes, net</b>	<b><u>(2,092,737)</u></b>	<b><u>(1,607,358)</u></b>

(1) Deferred income and social contribution tax liabilities arising from temporary differences between the tax base of goodwill and its carrying amount on the balance sheet, considering that goodwill is still amortized for tax purposes, but is no longer amortized for accounting purposes as from January 1, 2009, resulting in a tax base smaller than the carrying amount of goodwill. This temporary difference may result in amounts becoming taxable in future periods, when the carrying amount of the asset will be reduced or settled, thus requiring the recognition of a deferred tax liability.

Changes in deferred tax assets and liabilities during the year:

	<b>BM&amp;FBOVESPA and consolidated</b>			
	<u>2012</u>	<u>Debt (credit) in the income statement</u>	<u>Debt (credit) in comprehensive income</u>	<u>2013</u>
<b>Deferred assets</b>				
Tax, civil and labor contingencies	12,402	4,152	-	16,554
Deferred assets on tax loss carryforwards	29,107	-	-	29,107
Exchange variation on issue of debt abroad	58,262	-	62,237	120,499
Other temporary differences	32,515	4,362	-	36,877
<b>Total deferred assets</b>	<b><u>132,286</u></b>	<b><u>8,514</u></b>	<b><u>62,237</u></b>	<b><u>203,037</u></b>
<b>Deferred liabilities</b>				
Goodwill amortization	(1,739,699)	(555,648)	-	(2,295,347)
Other	55	643	(1,125)	(427)
<b>Total deferred liabilities</b>	<b><u>(1,739,644)</u></b>	<b><u>(555,005)</u></b>	<b><u>(1,125)</u></b>	<b><u>(2,295,774)</u></b>
<b>Deferred taxes, net</b>	<b><u>(1,607,358)</u></b>	<b><u>(546,491)</u></b>	<b><u>61,112</u></b>	<b><u>(2,092,737)</u></b>

**b. Estimated realization period**

Deferred income and social contribution tax assets arising from temporary differences are recorded in the books taking into consideration their probable realization, based on projections of future results prepared based on internal assumptions and future economic scenarios that may, accordingly, not materialize as expected.

Deferred tax assets (including tax loss carryforwards of R\$29,107) are expected to be realized in the amount of R\$35,244 within one year and R\$167,793 after one year and realization of deferred liabilities is expected to occur after one year. At December 31, 2013 the present value of the deferred tax assets, considering their expected realization, is R\$149,225.

Since the income and social contribution tax base arises not only from the profit that may be generated, but also from the existence of nontaxable income, nondeductible expenses, tax incentives and other variables, there is no immediate correlation between BM&FBOVESPA net income and the income subject to income and social contribution taxes. Therefore, the expected use of tax assets should not be considered as the only indicator of future income of BM&FBOVESPA.

The balance of goodwill that is deductible for income and social contribution tax purposes amounts to R\$6,406,038 at December 31, 2013 (R\$8,040,296 at December 31, 2012).

The realization of the deferred tax liabilities will occur as the difference between the tax base of goodwill and its carrying amount is reversed, that is, when the carrying amount of the asset is either reduced or settled.

**c. Reconciliation of income and social contribution tax expense**

Reconciliation of the income and social contribution tax amounts recorded in P&L (Company and consolidated) and their respective amounts at statutory rates are as under:

	<b>BM&amp;FBOVESPA</b>	
	<u>2013</u>	<u>2012</u>
Income before income and social contribution taxes	1,685,492	1,656,170
Income and social contribution taxes before additions and exclusions computed at the statutory rate of 34%	(573,067)	(563,098)
Additions:	<u>(106,539)</u>	<u>(102,015)</u>
Stock option plan	(9,566)	(10,984)
Nondeductible expenses - permanent (1)	(96,973)	(91,031)
Exclusions:	<u>75,610</u>	<u>84,202</u>
Equity pickup	58,610	53,602
Interest on equity	17,000	30,600
Other	<u>20</u>	<u>(969)</u>
Income and social contribution taxes	<u><u>(603,976)</u></u>	<u><u>(581,880)</u></u>

	<b>Consolidated</b>	
	<u>2013</u>	<u>2012</u>
Income before income and social contribution taxes	1,687,535	1,659,791
Income and social contribution taxes before additions and exclusions computed at the statutory rate of 34%	(573,762)	(564,329)
Additions:	<u>(108,110)</u>	<u>(101,589)</u>
Stock option plan	(9,566)	(10,984)
Nondeductible expenses - permanent (1)	(98,544)	(90,605)
Exclusions:	<u>75,264</u>	<u>81,352</u>
Equity pickup	58,264	50,752
Interest on equity	17,000	30,600
Other	<u>20</u>	<u>(969)</u>
Income and social contribution taxes	<u><u>(606,588)</u></u>	<u><u>(585,535)</u></u>

(1) Refers mainly to R\$64,847 of recoverable income tax paid abroad (Note 7).

**d. Taxes recoverable and prepaid**

Taxes recoverable and prepaid are as follows:

Description	<b>BM&amp;FBOVESPA</b>	
	<u>2013</u>	<u>2012</u>
Prepaid IRPJ/CSLL - current year	7,989	24,797
IRRF - Financial investments - current year	49,252	46,924
IRPJ and CSLL tax losses - prior years	13,904	79,425
Taxes paid abroad	24,765	17,402
PIS/COFINS recoverable	20,138	11,017
Other taxes	<u>4,332</u>	<u>877</u>
<b>Total</b>	<u><u>120,380</u></u>	<u><u>180,442</u></u>

Description	Consolidated	
	2013	2012
Prepaid IRPJ/CSLL - current year	7,988	24,797
IRRF - Financial investments - current year	49,252	46,924
IRPJ and CSLL tax losses - prior years	13,904	79,425
Taxes paid abroad	24,765	17,402
PIS/COFINS recoverable	20,138	11,017
Other taxes	4,349	893
<b>Total</b>	<b>120,396</b>	<b>180,458</b>

**e. Transitional Taxation Regime**

Executive Order No. 627, of November 11, 2013, and Revenue Procedure No. 1397, of September 16, 2013, brought significant changes to federal taxation rules, especially with regard to the required adjustments to complete the Transitional Taxation Regime introduced by Law No. 11941, of May 27, 2009. The provisions of the Executive Order will become effective as of calendar year 2015, with early adoption being permitted as of calendar year 2014.

Based on the analysis made by management about the possible tax impacts of new provisions from Executive Order No. 627 (which was not converted into law until the present date), BM&FBOVESPA intends to opt for early application of its features from the calendar year 2014 (art. 71), assuming that the Executive Order be regulated and converted into Law on terms substantially equivalent to the current text in its main aspects.

**20 REVENUE**

	BM&FBOVESPA		Consolidated	
	2013	2012	2013	2012
<b>Trading and/or settlement system - BM&amp;F</b>	<b>916,530</b>	<b>865,874</b>	<b>916,530</b>	<b>865,874</b>
Derivatives	897,098	848,858	897,098	848,858
Exchange	19,424	16,999	19,424	16,999
Assets	8	17	8	17
<b>Trading and/or settlement system - Bovespa (1)</b>	<b>1,023,978</b>	<b>1,034,007</b>	<b>1,023,978</b>	<b>1,034,007</b>
Trading – trading fees	192,985	243,181	192,985	243,181
Transactions – clearing and settlement	804,570	769,221	804,570	769,221
Other	26,423	21,605	26,423	21,605
<b>Other revenue</b>	<b>393,847</b>	<b>356,855</b>	<b>429,721</b>	<b>389,142</b>
Securities lending	102,186	77,063	102,186	77,063
Securities listing	47,126	45,625	47,126	45,625
Depository, custody and back-office	116,305	102,763	116,305	102,763
Trading participant access	47,705	51,540	47,705	51,540
Vendors – quotations and market information	69,236	67,668	69,236	67,668
Bolsa Brasileira de Mercadorias – fees and contributions	-	-	5,067	4,931
Banco – financial intermediation and bank fees	-	-	22,023	19,708
Other	11,289	12,196	20,073	19,844
<b>Deductions</b>	<b>(236,131)</b>	<b>(221,897)</b>	<b>(238,434)</b>	<b>(224,273)</b>
PIS and COFINS	(206,711)	(194,022)	(208,416)	(195,555)
Service tax	(29,420)	(27,875)	(30,018)	(28,718)
<b>Revenue</b>	<b>2,098,224</b>	<b>2,034,839</b>	<b>2,131,795</b>	<b>2,064,750</b>

(1) In April 2013, given changes in the policies governing the spot market, trading and after-trading fees (transactions) for local institutional investors and day traders were rebalanced, and the fees for the other investors were reduced.

**21 SUNDRY EXPENSES**

Description	BM&FBOVESPA	
	2013	2012
Sundry provisions (1)	21,691	7,237
Electricity, water and sewage	9,853	10,498
Contributions and donations	7,760	24,011
Travel	4,080	4,900
Expenses with entities abroad	3,406	3,047
Rental	2,427	2,406
Consumption material	1,394	2,974
Minimum trading fees BBM (Note 16)	1,159	1,198
Insurance	947	941
Transportation	928	1,074
Write-off of intangible assets	-	3,620
Other	4,354	4,135
<b>Total</b>	<b>57,999</b>	<b>66,041</b>

Description	Consolidated	
	2013	2012
Sundry provisions (1)	21,795	8,091
Electricity, water and sewage	10,068	10,723
Contributions and donations	7,836	24,132
Travel	4,645	5,476
Rental	3,152	3,024
Consumption material	1,477	3,013
Insurance	953	951
Transportation	959	1,094
Write-off of intangible assets	-	3,620
Other	4,830	4,443
<b>Total</b>	<b>55,715</b>	<b>64,567</b>

(1) Basically refers to the provision for contingencies and allowance for doubtful accounts.

**22 FINANCIAL INCOME (EXPENSES)**

	<b>BM&amp;FBOVESPA</b>	
	<b>2013</b>	<b>2012</b>
<b>Financial income</b>		
Income from financial assets measured at fair value	264,884	272,623
Exchange gains	15,464	7,888
Other financial income	16,139	13,780
	<b>296,487</b>	<b>294,291</b>
<b>Financial expenses</b>		
Interest and exchange variation on foreign debt	(91,636)	(80,199)
Exchange losses	(15,674)	(5,305)
Other financial expenses	(9,820)	(2,527)
	<b>(117,130)</b>	<b>(88,031)</b>
<b>Financial income</b>	<b>179,357</b>	<b>206,260</b>

	<b>Consolidated</b>	
	<b>2013</b>	<b>2012</b>
<b>Financial income</b>		
Income from financial assets measured at fair value	268,336	275,726
Exchange gains	15,464	7,888
Other financial income	16,223	13,603
	<b>300,023</b>	<b>297,217</b>
<b>Financial expenses</b>		
Interest and exchange variation on foreign debt	(91,636)	(80,199)
Exchange losses	(15,677)	(5,305)
Other financial expenses	(11,175)	(2,862)
	<b>(118,488)</b>	<b>(88,366)</b>
<b>Financial income</b>	<b>181,535</b>	<b>208,851</b>

**23 SEGMENT INFORMATION**

We present below consolidated information based on reports used by the Executive Board for making decisions, comprising the following segments: Bovespa, BM&F, Institutional and Corporate Products. Due to the nature of the business, the Executive Board does not use any information on assets and liabilities by segment to support decision-making.

**Bovespa Segment**

Bovespa Segment covers the various stages of the trading cycle of fixed and variable income securities and equity securities on stock and over-the-counter (OTC) markets. BM&FBOVESPA manages the national stock exchange and OTC markets for trading of variable income securities, including stocks, stock receipts, Brazilian Depository Receipts, stock derivatives, subscription warrants, various types of closed-end investment fund shares, shares representing audiovisual investment certificates, non-standard options (warrants) to purchase and sell securities and other securities authorized by the CVM.

**BM&F Segment**

The BM&F segment covers the main steps of the cycles of trading and settlement of securities and contracts: (i) trading systems in an environment of electronic trading and trading via internet (WebTrading), (ii) recording, clearing and settlement systems, integrated with a risk management system to ensure the proper settlement of the transactions recorded, and (iii) custodian systems for agribusiness securities, gold and other assets.

In addition, this segment includes the trading of commodities, foreign exchange, and public debt, and services provided by BM&FBOVESPA Bank and the Brazilian Commodities Exchange.

Institutional and Corporate Products Segment

Mainly refers to services provided as depository of securities, as well as lending and listing of securities (registration in BM&FBOVESPA systems of issuers of securities for trading), data services and classification of commodities, and technological products.

	<b>2013</b>			
	<b>Consolidated</b>			
	<b>Bovespa Segment</b>	<b>BM&amp;F Segment</b>	<b>Institutional and Corporate Products Segment</b>	<b>Total</b>
Trading and/or settlement system	1,023,978	916,530	429,721	2,370,229
Deductions	(106,470)	(92,703)	(39,261)	(238,434)
<b>Revenue</b>	<b>917,508</b>	<b>823,827</b>	<b>390,460</b>	<b>2,131,795</b>
Adjusted expense	(214,956)	(170,388)	(190,421)	(575,765)
Depreciation and amortization	(53,086)	(41,008)	(25,567)	(119,661)
Stock options	(10,232)	(8,858)	(9,046)	(28,136)
Allowance for doubtful accounts and other provisions	(9,116)	(8,671)	(4,263)	(22,050)
Transfer of fines	(250)	(236)	(75)	(561)
Other	(22,706)	(21,438)	(6,843)	(50,987)
<b>Total expenses</b>	<b>(310,346)</b>	<b>(250,599)</b>	<b>(236,215)</b>	<b>(797,160)</b>
<b>P&amp;L</b>	<b>607,162</b>	<b>573,228</b>	<b>154,245</b>	<b>1,334,635</b>
Equity pickup				171,365
Financial income				181,535
Income and social contribution taxes				(606,588)
<b>Net income for the year</b>	<b>607,162</b>	<b>573,228</b>	<b>154,245</b>	<b>1,080,947</b>

	2012			
	Consolidated			
	Bovespa Segment	BM&F Segment	Institutional and Corporate Products Segment	Total
Trading and/or settlement system	1,034,007	865,874	389,142	2,289,023
Deductions	(101,786)	(85,202)	(37,285)	(224,273)
<b>Revenue</b>	<b>932,221</b>	<b>780,672</b>	<b>351,857</b>	<b>2,064,750</b>
Adjusted expense	(231,739)	(176,482)	(155,266)	(563,487)
Depreciation and amortization	(44,243)	(32,954)	(16,545)	(93,742)
Stock options	(12,496)	(10,563)	(9,247)	(32,306)
Allowance for doubtful accounts and other provisions	(3,054)	(2,717)	(2,874)	(8,645)
Other	(30,427)	(26,497)	(7,976)	(64,900)
<b>Total expenses</b>	<b>(321,959)</b>	<b>(249,213)</b>	<b>(191,908)</b>	<b>(763,080)</b>
<b>P&amp;L</b>	<b>610,262</b>	<b>531,459</b>	<b>159,949</b>	<b>1,301,670</b>
Equity pickup				149,270
Financial income				208,851
Income and social contribution taxes				(585,535)
<b>Net income for the year</b>	<b>610,262</b>	<b>531,459</b>	<b>159,949</b>	<b>1,074,256</b>

**24 OTHER INFORMATION**

- a. BM&FBOVESPA seeks advice from insurance brokers to ensure that it has a sufficient level of insurance cover for its size and operations. The main coverage in its insurance policies at December 31, 2013 is shown below:

Insurance line	Amounts insured
Amounts at risk, property damages, buildings and equipment	453,621
Civil liability	109,000
Works of art	16,133

- b. Associação Profissionalizante BM&FBOVESPA (APBM&FBOVESPA) is a not-for-profit entity engaged in promoting educational, social welfare and sports activities. The sports-related initiatives included offering support to the BM&FBOVESPA Athletics Club and sponsorship to athletes (these activities were incorporated by specific association, known as Clube de Atletismo BM&FBOVESPA in July 2013). APBM&FBOVESPA is supported by the BM&FBOVESPA Institute, a not-for-profit association that has BM&FBOVESPA as its founding member.

APBM&FBOVESPA figures as a defendant in judicial and administrative proceedings involving tax matters, assessed as probable loss, most of which are related to questioning by Brazilian IRS about social security taxes allegedly owed by APBM&FBOVESPA on payments made to third parties and on sponsorships to athletes of the Clube de Atletismo BM&FBOVESPA. If the outcome of these proceedings is not favorable to APBM&FBOVESPA, BM&FBOVESPA may have to provide funds to maintain the activities of such club. The amount involved in said proceedings at December 31, 2013 is R\$17,475.

**25 RECENTLY ISSUED ACCOUNTING STANDARDS APPLICABLE IN FUTURE PERIODS**

The following accounting standards will be effective for years beginning on or after January 1, 2014 and have not been early adopted. Management believes that these standards will not have a significant impact on the financial statements.

- Amendment to IAS 32 – Financial Instruments: Presentation – This amendment clarifies the financial instruments offsetting criteria in the balance sheet.
- IFRS 9 – Financial Instruments – This standard aims at replacing IAS 39 - Financial Instruments: Recognition and Measurement. In November 2009, the IASB issued IFRS 9, introducing new requirements for the classification and measurement of financial assets. In October 2010, the IASB amended the standard to include requirements applicable to financial liabilities. In November 2013, the IASB issued a new amendment to include requirements applicable to hedge accounting.
- IAS 36 – Impairment of Assets – This amendment introduces disclosure requirements for measuring the recoverable amount of assets, in connection with IFRS 13.

**26 SUBSEQUENT EVENTS**

- a. At the meeting held on February 13, 2014, the Board of Directors proposed payment of supplementary dividends referring to the year ended December 31, 2013, of R\$145,703, to be approved at the General Shareholders' Meeting.
- b. BM&FBOVESPA concluded the Share Buyback Program approved by the Board of Directors on June 25, 2013 (Note 15(b)) by repurchasing 36,950,000 shares (61.58% of the total expected) for R\$370,418 between January 1 and January 29, 2014, observing the blackout period defined in CVM Ruling No. 358.

# INDEPENDENT AUDITOR'S REPORT

31 DECEMBER, 2013

**THE SHAREHOLDERS, BOARD OF DIRECTORS AND OFFICERS  
BM&FBOVESPA S.A. – BOLSA DE VALORES, MERCADORIAS E FUTUROS**

We have audited the accompanying individual and consolidated financial statements of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros (the "Company"), which comprise the balance sheet as at December 31, 2013 and the related income statements, statement of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil, and of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in conformity with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Brazilian and international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the individual and consolidated financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion on individual financial statements**

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the financial position of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

**Opinion on consolidated financial statements**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros and its subsidiaries as at December 31, 2013, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

**Emphasis of matter**

As described in Note 2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros, these practices differ from the IFRS - applicable to the separate financial statements - solely with respect to the measurement of investments in subsidiaries, affiliates and jointly owned subsidiaries, under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. Our opinion is not qualified in respect of this matter.

**Other matters**

**Statement of value added**

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2013, the presentation of which is required by Brazilian corporation law for publicly held companies, and as supplementary information under the IFRS, whereby no statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

**Audit of prior year corresponding figures**

The corresponding figures for the year ended December 31, 2012, presented for comparison purposes, were previously audited by other independent auditors who issued an unmodified opinion dated February 19, 2013.

São Paulo, February 13, 2014.

**ERNST & YOUNG**  
Auditores Independentes S.S.  
CRC-2SP015199/O-6

Flávio Serpejante Peppe  
Accountant CRC-1SP172167/O-6

Kátia Sayuri Teraoka Kam  
Accountant CRC-1SP272354/O-1

# AUDIT COMMITTED REPORT

## Initial information

The Audit Committee of BM&FBOVESPA S.A. is a statutory advisory body directly linked to the Board of Directors. It is made up of one board member and four independent members nominated every two years by the members of the board, who take into consideration the criteria contained in the applicable legislation and rules and international best practices.

## Attributions and responsibilities

The Board of BM&FBOVESPA S.A. (hereafter referred to as "BM&FBOVESPA") is responsible for the definition and implementation of processes and procedures aimed at collecting data for the preparation of financial statements, in line with corporate law, accounting practices in Brazil and the relevant rules of the Securities and Exchange Commission of Brazil.

The Board is also responsible for the processes, policies and internal control procedures that assure and safeguard securities, for the timely recognition of liabilities and for the elimination or reduction to acceptable levels of the Company's risk factors.

The purpose of the internal audit is to check the quality of BM&FBOVESPA's internal control systems and whether the policies and procedures defined by the Board are being met, including those adopted when drawing up financial reports.

The independent audit is tasked with examining financial statements with a view to issuing findings on their adherence to the applicable norms. As a result of its work, the independent audit issues a report of recommendations about accounting procedures and internal controls, without prejudicing the other reports that it is required to prepare, such as special quarterly revisions.

The functions of the Audit Committee are described in its Internal Regulation, which covers the duties defined in CVM Instruction 509/11.

The Audit Committee bases its findings and forms its opinions considering the information received from the Board of Directors; the representations made by the Board of Directors about information systems, financial statements and internal controls; and the results of the work of the Corporate Risk and Internal Controls Department, of the Internal Auditors and of the Independent Auditors.

## Activities of the Audit Committee

The Audit Committee met in 14 ordinary sessions, in which there were 82 meetings with members of the Board of Directors, with internal and independent auditors and with other interlocutors. The Committee met with the Board of Directors five times in 2013.

## Meetings with Upper Management

The Committee met with BM&FBOVESPA's officers and their respective teams to discuss structures, the functioning of the respective areas, their working processes, the control system's shortcomings, and improvement plans. The matters most requiring the Committee's attention included:

IT and Information Security – Over 2013, the Audit Committee continued priority monitoring of the progress of Information Technology control processes and of medium and long-term plans of action.

In meetings with the Chief Information Officer and his team there were discussions about improvements to IT processes, with the objective of optimizing the availability of systems and the continuous management of business. The Committee discussed with the Audit Department several aspects regarding Information Security, including the results of work executed and of intrusion tests.

The Committee was informed of the results of the business continuity tests that were executed in 2013 and monitored by internal audit.

The Audit Committee kept itself informed of events during the implementation of the PUMA Trading System for the BOVESPA segment.

Financial Management and Reports – There were also discussions with the Financial and Corporate Department and the independent auditors and, when applicable, with the specialized outside auditors, about aspects aimed at assessing goodwill in BOVESPA Holding and the investment in CME. The Audit Committee, with the support of the internal audit, monitored the SAP system implementation process over the year.

Contingencies – There was analysis and discussion with the Legal Department (with the participation of the Financial Department, Independent Auditors and responsible lawyers) about the main administrative and legal processes and about respective findings on the likelihood of success - in particular but not exclusively the findings on CARF, on the Notice of Infraction involving the deductibility of goodwill at BOVESPA, and the potential effects on the Company of MP 627/13.

Human Resources – There were discussions with the Human Resources Department about matters related to the Board of Directors' remuneration and benefits, such as the Private Pension plan.

## Internal Controls, Corporate Risk and Other Departments

The following practices and procedures recommended by the Audit Committee were monitored over 2013, with the following observations:

- a) There was the implementation of new corporate and operational risk management policies, which had begun to be defined throughout 2012; at the same time, an area was structured for dealing with compliance with laws, norms and regulations.
- b) An integrated governance, risk and control (GRC) system was acquired, which will be used by the Internal Control, Compliance and Corporate Risk Department and by the Audit Department.
- c) A centralized process was established for monitoring communications with the Regulatory Bodies.
- d) An area was structured to deal with compliance with laws, norms and regulations.
- e) The Board of Directors on a meeting held on February 13, 2014 approved a document drawn up by the Executive Board containing a Policy proposal regarding the treatment of Related Parties.
- f) It was brought to the attention of the Board of Directors at its February 13, 2014 meeting the anti-Money Laundering Policy approved by the Executive Board.

The Committee considered that the Corporate Risk Report met the requirements of CVM Instruction 461 and the Internal Controls Report prepared within the guidelines of art. 3º of BACEN Resolution 2.554.

The Committee receives on a regular basis a summary of the communications submitted by the Regulatory Agencies and the Judiciary as regards questions within the scope of the Committee.

The Audit Committee recognizes the advances made in Risk Management, Compliance and Internal Controls and maintains the expectation that with the implementation of the main plans of action still in course, significant improvements may be reached within the short term regarding these areas.

**Independent Audit**

There was the rotation of independent auditors after the December 31, 2012 balance sheet. The Audit Committee actively participated in analysis of the proposals submitted by companies invited by the Board of Directors, with EY being hired.

The Committee met with the independent auditors to inform itself about the policy of maintaining independence during the execution of work and to decide on the non-existence of conflicts of interest in non-Audit work in financial statements eventually requested of it by the Executive Board. The Audit Committee also discussed with the above mentioned independent auditors: risk analysis in the audit they executed; the planning of work seeking to establish the nature, time and extent of the main audit procedures selected; and possible points that require attention and how they will be audited. Furthermore, there were discussions with EY of the results of the audits that it executed regarding Central Counterparty and IT Risk.

The auditors' main conclusions were discussed at the end of work on each Quarterly Information (ITR) special revision over 2013. At the start of the December 31, 2012 audit's preliminary and final work there was further discussion in specific meetings about the audit's risk areas and the respective procedures.

All of the points that were considered relevant were covered, seeking to assess the potential risks involving financial statements and the mitigation of these risks through audit and control procedures.

As well as specific debates about the work of the independent audit into the requirements of CVM Instruction 461, the previous auditors who examined the financial statements of December 31, 2012 also presented the Committee with the points for improving internal controls, identified by them during that audit and segregated according to nature and classified by complexity and impact on the Company's processes.

At the end of the year, the Committee went ahead with the formal assessment of the independent audit, having considered the quality and the volume of the information submitted as being compatible with the first year of work.

There were no situations identified that could prejudice the independence of the external auditors.

**Internal Audit**

The Audit Committee carried out the technical supervision of the Internal Audit. In 2013 it approved the Annual Internal Audit Plan and carried out periodical monitoring of its execution. The audit reports were submitted to and discussed by the Committee, which considered the scope, methodology and results of the executed work as being satisfactory.

The Audit Committee continues to monitor the Plans of Action resulting from the audit points raised in all of the audited areas.

At the end of the year, the Committee proceeded with the formal assessment of the internal audit, on which occasion it ascertained significant improvements to the quality of the work executed.

**Recommendations of the Audit Committee**

During 2013 the Audit Committee made several recommendations to the Board of Directors, which promptly accepted them. This is ongoing and the following deserves to be highlighted: a training plan focused on management, for the Officer and Managers at the Audit Department, who have completed one year at their jobs.

**Conclusion**

The Audit Committee finds that all of the relevant facts that it has been presented with through the work executed and described in this report have been properly disclosed in the Board of Directors' Report and in the audited financial statements relative to December 31, 2013, recommending their approval by the Board of Directors.

São Paulo, February 13, 2014

Nelson Carvalho – Coordinator of the Committee, Financial Specialist and Representative of the Board of Directors of BM&FBOVESPA S.A.  
Paulo Roberto Simões da Cunha  
Pedro Oliva Marcilio de Sousa  
Sérgio Darcy da Silva Alves  
Tereza Cristina Grossi Togni

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## Statement GRI Application Level Check

GRI hereby states that **BM&FBOVESPA** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 February 2014



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check 20 February 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

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## CREDITS

### COORDINATION

Communications Department  
Investor Relations Department  
Sustainability Department

### COMPOSITION

BM&FBOVESPA

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